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FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND NOVEMBER 21/NOVEMBER 22 1992 — D8523A

Trade war averted as EC and US reach deal

By David Gardner in Brussels, Nancy Dunne in Washington and David Buchan in Paris

THE European Community and the US last night finally settled their long-running disputes over subsidised food exports, averting a threatened trade war and opening the way to a world-wide free trade agreement.

The agreement on agriculture is more favourable than expected to the EC, raising hopes in Brussels that France – a strong opponent of a deal – would be less likely to press home its efforts to get it thrown out.

Last night the French government refused immediately to accept the deal. Mr Jean-Pierre Soisson, agriculture minister, acknowledged that a certain respects – notably on oilseeds – the Washington deal was better for Europe than what had been on offer by the US two weeks ago in Chicago. But he still said that "at first sight, I cannot accept it".

France was insisting on proof that the "draft agreement" was in line with recent reform of the EC's Common Agricultural Policy, the minister said. The French government would only take a final judgment after a parliamentary debate and resolution next week, he added, but he doubted whether the parliament would accept the Gatt deal.

This left open the possibility that France could be outvoted by a majority in the EC council of ministers. But if President François Mitterrand invoked a veto – which he would probably do only if he had the tacit support of German Chancellor Helmut Kohl – the deal could collapse.

President George Bush, in announcing the deal, called on the 108 nations participating in the Uruguay Round of trade talks in Geneva to return to the negotiating table in Geneva and "show the flexibility" that will bring the talks to a conclusion. This, he said, would spur economic growth and create jobs around the world.

Mrs Carla Hills, US special trade representative, announced the withdrawal of threatened punitive tariffs against the EC because of its oilseeds regime, while Mr Ray MacSharry, EC agriculture commissioner who negotiated the agreement, said "the real victory tonight is for international trade".

Mr Frans Andriessen, EC external affairs commissioner, said the US-EC deal "means that trade war has been avoided."

"It is not the end of the road, but we are convinced that it will

Key points of the agreement:

- **Oilseeds production limited to 5.128m hectares**
- **Oilseeds for industrial use limited to 1m tonnes**
- **10 per cent of EC farm land to be set aside permanently**
- **Subsidised EC farm exports to be cut by 21 per cent in volume over six years. Value will be cut by 36 per cent, with internal supports trimmed by 20 per cent**
- **The US agrees a "peace clause" on outstanding disputes**
- **An "Andriessen compromise" not to export subsidised EC beef to Asia**

unblock the stalemate in the Uruguay Round in Geneva."

The agreement is expected to be endorsed by EC trade officials, foreign ministers and heads of government at the Community's Edinburgh summit on December 11 and 12 – before farm ministers get any chance to pick it apart on December 14 to 16.

Progress in the Uruguay Round, under the aegis of the General Agreement on Tariffs and Trade (Gatt), has been held up for two years by the farm trade dispute, which has also opened serious rifts in the EC.

Mr MacSharry said "the US and EC go united now to Geneva" to seek a conclusion to the Uruguay Round by the end of the year. A global accord, which some estimates believe could add $200bn to world trade within 10 years, needs the approval of all 108 Gatt signatories not only on agriculture, but on 14 other sectors ranging from services to intellectual property.

The agriculture agreement settles a five-year old bilateral row over EC oilseeds production, and agrees terms on the farm chapter of the Uruguay Round.

The two sides agreed to an enforcement mechanism to ensure the limit on EC oilseeds production which includes binding arbitration. The EC also

Continued on Page 24

US puts Gatt before soyabeans; French face farmers' fury, Page 2

Frans Andriessen, EC chief negotiator, shakes hand with Edward Madigan, US secretary of Agriculture

Good news for UK exports

By Michael Cassell, Business Correspondent

IF the cost to British business of a Gatt failure is incalculable, the benefits to be derived from a speedy and successful conclusion to the Uruguay Round should be substantial.

Unofficial government estimates, now being dusted off in Whitehall in spite of France's immediate reaction, suggest that British exporters could be a major beneficiary of a new global trade deal.

The OECD has suggested that agreement would boost world gross domestic product by nearly $200bn a year and increase GDP within EC countries by at least 1 per cent.

If the Uruguay Round target of a 30 per cent reduction in tariffs is implemented, Britain's visible exports – which account for more than one-quarter of the nation's GDP – could rise by more than £700m a year.

The benefits for invisible exports could be even more substantial. The inclusion of services in Gatt talks for the first time could lead to a 10 per cent expansion in world trade in areas such as banking, insurance, tourism and professional consultancy.

EC exports in services could quadruple as a result of liberalisation measures and Britain's prospects for additional trade – it already has about 8 per cent of the market in services – should be considerably enhanced.

The inclusion of improved protection for intellectual property will also help many British innovators. The recording industry, for example, is thought to lose about £1bn a year through counterfeiting or piracy.

Mr Howard Davies, director general of the Confederation of British Industry, said the agreement was "excellent news". He was confident remaining obstacles could be overcome and that a new Gatt deal would emerge soon.

Spanish request may cause shakeup in ERM

By Peter Norman and James Blitz in London and Lionel Barber in Brussels

A REALIGNMENT of currencies in the European exchange rate mechanism is expected this weekend following a request from Spain to devalue the peseta in the system, European monetary officials said last night.

The EC's monetary committee, which hammers out the details of realignments, is expected to meet today in Brussels to consider other possible moves among the European monetary system's remaining eight currencies.

It was understood that pressure was mounting on the Irish authorities to devalue the punt. Speculation in financial markets also pointed to the Portuguese escudo as another possible candidate for devaluation.

It emerged last night that Spain had been seeking a 5 per cent devaluation of the peseta against the D-Mark for at least two weeks.

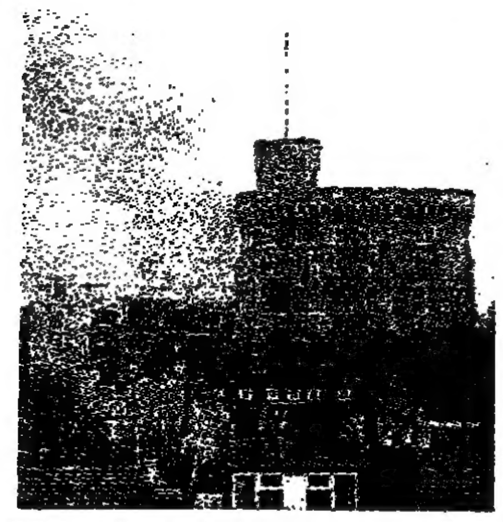
Denmark, whose currency, the krone, came under heavy selling pressure in foreign exchange markets yesterday, has apparently refused to move its central rate against the D-Mark. The French franc will also stay pegged to the D-Mark at existing parities in recognition of the government's *franc fort* policy. There was no question of either the Italian lira or sterling re-entering the ERM this weekend.

It is thought that a realignment could trigger a cut in German interest rates, although the scale would depend on the extent of the effective D-Mark revaluation. Earlier yesterday Mr Helmut Schlesinger, president of the Bundesbank, said there was minimal room for manoeuvre.

Reports of a possible realignment meant trading in European markets had virtually ceased. They caused an intense burst of speculation, pushing the dollar up to a five-month high against the German currency of DM1.6090.

Sterling meanwhile fell to a low of $1.5085 in US trading after closing at $1.5205 in London.

EMS rebuff to Sweden, Page 2
Currencies, Page 13



Fight to save treasures in Windsor blaze

Fire swept through the north-east wing of Windsor Castle yesterday causing millions of pounds of damage and threatening priceless paintings and art treasures.

The blaze broke out shortly before midday in the basement of the Brunswick Tower, spreading to St George's Hall. Twenty-five fire engines and more than 150 firefighters from four counties thought they had the blaze under control after nearly four hours, but the flames burst through the roof of the tower.

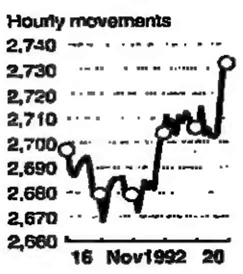
Many of the most valuable art works were saved by teams of firefighters, soldiers and castle employees, but the cost of lost pictures and other valuables, and the damage to the castle fabric, is certain to be considerable. Royal palaces are not insured because the premiums would be too high.

Neither the Queen nor the Duke of Edinburgh were present when the fire broke out, although the Queen later visited the scene briefly.

The immediate cause of the blaze was unknown, but the fire began in an area of the castle closed for renovation. One man was treated in hospital for burns. Page 24

40,000 jobs to go in EC: Nearly 40,000 redundancies were announced in the European Community this week. About a quarter of them will be in the UK. Page 24; UK savaged over its EC presidency, Page 3

FT-SE closes near peak



The UK stock market bounced off its support level, moving ahead strongly towards the close on optimistic news from the Gatt talks in Washington. The FT-SE 100 Index gained 26.2 to 2,732.4, within a whisker of May's all-time closing peak of 2,737.8. London stocks, Page 15

Doctor can return to work: Dr Nigel Cox, a consultant rheumatologist convicted of the attempted murder of a patient, is to be allowed to return to work early in the new year, subject to number of conditions, Wessex regional health authority said. Dr Cox is expected to respond by November 30.

Japan's parliament is to debate the Y2,990bn (£16bn) supplementary budget to boost the economy after the ruling Liberal Democratic party agreed to produce three key figures at the heart of the Tokyo Sagawa Kyubin scandal for questioning. Page 4

Nippon Telegraph and Telephone blamed the downturn in the Japanese economy and intensifying competition for a 21 per cent decline in pre-tax profits to Y105bn (£558m) for the six months to the end of September. Page 12; Companies reduce investment, Page 4; Lex, Page 24

Amstrad: Institutional investors in the computer and electronics company said they were still studying founder Alan Sugar's offer to buy back their shares at 30p a share. Several said they were unlikely to join disgruntled private shareholders opposing the deal. Page 10

■ STOCK MARKET INDICES

FT-SE 100	2,732.4	(+26.2)
Yield	4.41	
FT-SE Eurotrack 100	1,051.29	(+3.36)
FT-A All-Share	1,294.43	(+0.8%)
Nikkei	17,033.6	(+162.29)
New York lunchtime		
Dow Jones Ind Ave	3,228.82	(+17.29)
S&P Composite	426.4	(+2.79)

■ US LUNCHTIME RATES

Federal Funds	2⅞%
3-mo Treas Bills: Yld	3.229%
Long Bond	108 1/32
Yield	7.527%

■ LONDON MONEY

3-mo Interbank	7¼%	(7 3/16%)
Liffe long gilt future:	Dec 99 11/32	(Dec 100 1/32)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$19.375	(19.425)

■ Gold

New York Comex (Dec)	$335.3	(335.4)
London	$336.35	(334.15)

■ STERLING

New York lunchtime:		
$	1.5165	
London:		
$	1.5285	(1.5325)
DM	2.4225	(2.42)
FFr	8.2025	(8.18)
SFr	2.1775	(2.195)
Y	188.75	(189.25)
£ Index	78.4	(same)

■ DOLLAR

New York lunchtime:		
DM	1.604	
FFr	5.40475	
SFr	1.439	
Y	124.4	
London:		
DM	1.5936	(1.579)
FFr	5.395	(5.3375)
SFr	1.432	(1.4325)
Y	124.15	(123.45)
$ Index	65.5	(65)

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40,000 Civil Service jobs to be put out to tender

By John Willman, Public Policy Editor

MORE THAN 40,000 Civil Service jobs are to be put out to tender over the next year under plans to be announced next week by Mr William Waldegrave, minister for the public services.

In a white paper to be published on Wednesday, Mr Waldegrave will set out ambitious plans to increase the scale of "market testing" government services from £25m this year to £1.5bn in the next. Tendering is expected to be completed by September, with the new contracts operating in 1994.

Staff already doing the work will be encouraged to bid for the contracts, either as an in-house team, or through a management buy-out. If the staff bid wins, the team will be required to sign a binding contract giving details of the standard of work, methods of monitoring and enforcement of the agreement.

The government expects to make savings from market testing of 25 per cent of the value of the services, even when services stay in-house. Since pay accounts for more than half of Civil Service costs, there are likely to be significant job losses as a result of the process.

However, Mr Waldegrave will emphasise that improving the quality of service is as important to market-testing as cost savings.

The range of services to be put out to tender is far greater than in previous contracting out, which has been largely confined to support services such as catering, cleaning and security.

Core Civil Service functions such as the collection of statistics and running the Treasury's economic model are to be included. So, too, will key defence work such as helicopter maintenance and ship repairs for the armed services.

The largest part of the programme will be in information technology services, including the running of the 12 large computers which hold Inland Revenue data.

Payroll, legal services, audit, accountancy, typing and secretarial services are also to be contracted out.

The lists of targets for contracting out have been drawn up by departments with the assistance of consultants. Among their responsibilities has been ensuring that there will be more than one company interested in bidding for each contract in order to ensure that there will be competition.

Consultancy advice will be available to advise staff on structuring bids and reorganising work to become more competitive.

In local government, such restructuring has enabled existing staff to beat outside contractors for around 80 per cent of the work put out to tender.

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; Bulgaria Lv25.00; China Fec 12.0; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50; Finland Fmk12; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y600; Jordan JD1.50; Korea Won 2500; Kuwait Fils 600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rm4.50; Malta Lm0.50; Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr18.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc190; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Syria S£50.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25 (Alaska & Hawaii $1.75)

مكتبة من الأصل

Oilseed settlement averts threatened trade war and opens way to world-wide free trade agreement

US puts Gatt before soya beans

By David Dodwell in Washington

OILSEED farmers in the US may have been bitterly disappointed yesterday as details of the US-EC settlement on their five-year dispute over Europe's oilseed subsidies trickled out.

But a possibly disastrous trade war has been averted, and important obstacles have been removed to a Uruguay Round trade liberalisation package that could by the end of the decade boost world trade by $200bn (£132bn). For that, even US oilseed farmers may have cause for celebration.

According to Mr Dale Hathaway, a former US agriculture official, President George Bush's negotiators "decided that the future of the Uruguay Round was more important than the soyabean case". A leading farm lobbyist was more philosophical: "The deal offers a mixed bag, but it is the first time in my 22 years dealing with European farmers that their production will have to go down, rather than up."

On the critical issue of the US dispute with Europe over its subsidised oilseeds production – which if unresolved by December 5 would have triggered trade sanctions of around $300m against Europe's white wine exports – the EC has agreed to limit production to 5.13m hectares. Mr Ed Madigan, US agriculture secretary, said yesterday this would result in production of 8.7m-9.5m tonnes a year.

US oilseed farmers have insisted that anything above 8m tonnes was unacceptable. But from current production levels of more than 13m tonnes, the EC's cuts will be significant. As important, the US has won assurances that no more than 1m tonnes of oilseeds output can be produced for industrial use.

The EC has also agreed to binding arbitration if its output overshoots – a litmus issue for the US, which has been increasingly frustrated over its inability to make the EC in any way accountable for missed production targets.

The most significant element of a wider farm trade deal is EC agreement to cut its volume of subsidised farm exports by 21 per cent over six years. The US was demanding 100 per cent cuts as little as a year ago, and even recently has been calling for a 24 per cent cut.

Of compensating comfort to the US is an agreement by the EC to make permanent two thirds of the land taken out of production as part of its set-aside scheme. The EC target is to set aside 15 per cent of farm land, but the US was concerned that rotation arrangements would eliminate any possible set-aside gains.

The so-called "Andriessen compromise" also forbids subsidised EC beef exports to Asia.

Negotiators insisted yesterday that the farm trade breakthrough would provide the momentum needed to resolve other outstanding obstacles to a Uruguay Round settlement.

They have agreed to shift negotiations immediately to Geneva, where the other 108 contracting parties to Gatt will have the chance to endorse the EC-US farm deal. Most critical here will be the Cairns group of farm exporting nations, which include such countries as Australia, Canada and Argentina. There were no immediate reactions last night, but US negotiators have remained in close contact with Cairns group officials during their negotiations with the EC, and it is thought unlikely it would back a deal without Cairns group support.

Focus will turn in Geneva to the other areas vital to a Uruguay Round settlement – most notably agreement on trade in services, and on general tariff reductions.

US and EC negotiators have agreed a common position on the contentious area of financial services, and will in the coming days be putting fierce pressure on countries like Japan, South Korea and the Asean states to liberalise their markets in this area. Difficult negotiations also lie ahead on trade in maritime services, on trade in audio-visual services, on telecommunications, and on public procurement.

A joint EC-US statement said yesterday negotiators had agreed "to seek maximum liberalisation and minimum exemptions" in the areas of services and market access.

Plenty more tough bargaining in store

By Frances Williams in Geneva

AFTER nearly a year of sitting impotently on the sidelines while the US and European Community scrapped over farm trade, Gatt negotiators are impatient to get the six-year-old Uruguay Round of world trade talks moving once again.

But trade officials, while delighted that the key to unlock the round is now to hand, warn that much hard bargaining is still needed to secure a successful conclusion.

The terms of the US-EC deal on agriculture will first have to be agreed by all 108 countries taking part in the negotiations. While it would be highly improbable for trading partners to throw out the long-awaited accord between the world's biggest economies, there could still be lively discussion over details.

That hurdle over, other difficult issues will come to the fore, especially in the areas of services and improved market access for foreign goods.

As soon as the protagonists signal that they are ready to present their farm trade deal, Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), will call a meeting of the round's top-level trade negotiations committee.

Negotiators will be asked to agree a work programme designed to wrap up agreements on all 28 subject areas within three months. This is to meet the March 1 1993 deadline for submission of a trade liberalisation package under the US administration's "fast-track" negotiating authority, which requires Congress to approve or reject the package without amendment.

Changes in the *dramatis personae* also pose some tricky timing problems. Mr Dunkel will want to get all the policy issues contained in the draft "Final Act" he presented to negotiators last December sewn up by the end of this year, when Mr Ray MacSharry, the EC's agriculture commissioner, leaves his post.

Officials acknowledge that detailed country-by-country negotiations on tariffs and access to services markets, which form an integral part of the Uruguay Round package, will probably run into February. But the bulk of the work must be completed by January 20 when Mrs Carla Hills, US trade representative, leaves office along with the rest of the Bush administration.

Mr Dunkel will be concerned to minimise the changes to the draft "Final Act" so as to prevent a general unravelling of hard-fought and carefully balanced agreements already negotiated. He has already said changes can be made only by consensus.

Thus Japan and South Korea are unlikely to succeed in keeping their bans on imported rice. The US will be told not to re-open talks on intellectual property protection to gain a better deal for the US pharmaceutical and entertainment industries.

More problematic will be services, where the US is refusing to liberalise shipping, and the complex bilateral negotiations on opening services markets to foreign suppliers are a long way from completion. Negotiations on tariff cuts averaging a third on farm and industrial goods have also been difficult, though officials say resolution of the US/EC dispute on farm subsidies and tariffs should now give the talks momentum.

John Major jubilantly announces the deal yesterday

French government faces farmers' fury

By David Buchan in Paris

FRANCE'S political predicament over the farm deal has been sharpened by last-minute US concessions, which look likely to isolate Paris within the EC.

The French agricultural lobby has geared itself, and most of the country, to believe that almost anything the US can agree to must be bad for France's 1m farmers. Correspondingly, therefore, the government feels it has to show the strongest suspicion – if not opposition – towards the Washington deal.

"For, if we don't take a firm attitude on the Gatt, this government could well fall," Mr Jean-Pierre Soisson, France's agriculture minister, predicted in an interview with the Financial Times yesterday.

Mr Soisson was last night adopting "a firm line" to assuage the passions of furious French farmers, who were burning the US flag in Paris and storming McDonald's on the Champs Elysées, and who have even threatened to attack Mr Soisson's own house in Auxerre. The mood in France is hardly conducive to the calm study which Mr Soisson has called for to examine the "compatibility" of the Gatt accord with the EC's recent reform of its common agricultural policy (CAP).

He claimed that the 21 per cent cut in subsidised exports for each and every farm product would be opposed by countries such as Denmark and the Netherlands which would not want to see their cheese and milk product exports so drastically curtailed. But the agreement on oilseeds is unlikely to attract objections from Germany, France's crucial ally.

The narrower the gap between the Gatt deal and the CAP reform, the harder it is for France to paint the former as black and the latter as at least off-white. But it is certainly in these stark terms that Mr Soisson sees the political consequences for his government, if it cannot plausibly represent the Gatt deal as acceptable to the French public, and if it is not seen to mobilise all possible opposition against the accord.

The first condition may now be impossible to fulfil, because it may be too late to shift public opinion in favour of a Gatt deal. And, the French government may now be prisoner of its own anti-Gatt mobilisation plans.

The starting gun for mobilisation is due to go off next Wednesday. With a Commission report before it from Mr Ray MacSharry, EC agriculture commissioner, on the compatibility of the Gatt deal with the CAP, the French cabinet will produce a draft resolution to be debated by parliament that afternoon. It will commit itself to abiding by whatever parliament decides.

"In EC negotiations, John Major tells us incessantly that he cannot move because of the House of Commons, Helmut Kohl says he has to be careful of his fragile coalition and of the Bundestag, the Danes are always saying they must heed their Folketing," Mr Soisson said. "Well, we are not so free with regard to our parliament as many of you [outsiders] think." A French president may be above parliament, but his government is not.

"If we do not take a tough stand on Gatt, the Communists will vote against us," predicted Mr Soisson. This happened last June. The Socialist government was saved only when Mr Raymond Barre, the centrist leader, and one or two others decided not to support a censure motion that failed by just three votes.

Looming, too, are next March's parliamentary elections. According to Mr Soisson, "the outcome in some 150 seats will be determined by the government's attitude to the Gatt." That would make the difference between the Socialists succumbing to likely defeat, or being swamped in a certain landslide. "Agriculture still determines parliamentary majorities in France," the minister said. An unreformed electoral system, which gives the countryside more deputies per voter than the cities, "gives agriculture a political weight that is out of proportion to the number of farmers".

Mr Soisson criticised – in more measured tones than some of his government colleagues – the UK presidency for trying to rush through a Gatt accord in order to "have something for their Edinburgh summit, because they haven't got much else to show".

If a Gatt deal proves incompatible with the new-style CAP, Mr Soisson said there might have to be "a reform of the reform". But he concedes this could be disastrous. "Everyone will have their own strong demands, and we will never agree." This, he suggests, must have entered into Washington's calculations. Reforming the reform could produce no CAP at all, and European farming would henceforth go into decline.

US farmers outraged at French burning flags

Agricultural lobby feel wronged by comeback on 'patience and generosity', writes **David Dodwell**

DOWN on Bluebird Farm, near Tallahassee, north Florida, Mr Steve Yoder has seen his soyabean acreage steadily dwindle over the 1980s – from 1,300 acres a decade ago to 450 acres today.

"While we were having to address the problems of surplus production in the world, the Europeans were continuing to take advantage of that situation, flooding the world with their oilseed surpluses," he said in Washington yesterday, furious over reports of French farmers burning the US flag in protest at demands for reform of the EC farm subsidies regime.

The five-year oilseeds dispute, which has been at the heart of a wider US-EC battle over Europe's farm subsidies, has for two years blocked progress towards settlement of the Uruguay Round. The ambitious plan to liberalise international trade would boost world trade by $200bn a year by the end of the century, economists say.

Worse still, the US threat to impose punitive sanctions worth $300m a year, mainly targeted at EC white wine exports, in retaliation for losses it says US farmers suffer as a result of EC subsidies, has brought the world's main trading powers to the brink of a trade war.

Mr Yoder, who is president of the American Oilseeds Association, was ensconced in a suite at the down-at-heel Washington Hotel – its only virtue being closeness to Blair House, where US and EC trade negotiators were wrestling on Wednesday and Thursday this week to settle the dispute. He was seeking to exert whatever pressure he could on negotiators to avoid a US "sell-out" on oilseeds, although he acknowledged American farmers would not get all they wanted.

What most inflames Mr Yoder is the suggestion that US "inflexibility" on the oilseeds issue has triggered an international trade crisis.

From his point of view, US farmers are on the side of the angels – or at the very least have shown the patience of Job: "We have been extremely patient, working on the issue for six years, playing everything by the book, following the rules of the Gatt."

When the US first took a complaint to the General Agreement on Tariffs and Trade in Geneva, subsidised EC oilseeds output stood at around 5m tonnes a year. Binding agreements made in the early 1960s essentially made oilseeds subsidies illegal.

So US farmers see themselves as generous in the extreme when they say they are willing to set a ceiling of 8m tonnes on subsidised EC production.

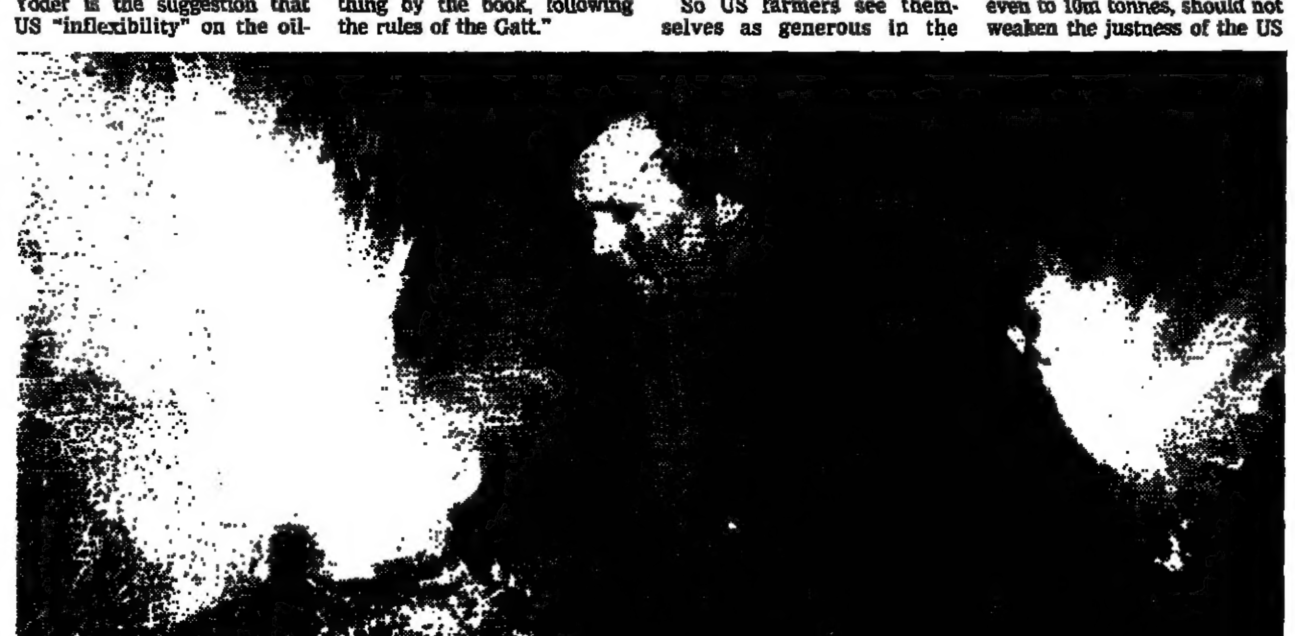
The fact that EC production has risen to more than 13m tonnes a year since 1985, with French farmers enraged at the prospect of lowering the ceiling even to 10m tonnes, should not weaken the justness of the US demands for deeper cuts, Mr Yoder argues.

US soyabean farmers say the EC oilseed subsidy regime costs them $2bn a year in lost sales and lower prices. They have taken their case twice to Gatt, where independent dispute settlement panels have endorsed their claims, and condemned EC practices. Meanwhile, US farmland under oilseeds has fallen from 76m acres to 57m acres, and they have been prevented from growing other crops by long-term set-aside schemes and restrictions on land sown to corn, wheat, cotton or rice. Oilseeds were once the US's largest export earner, with the second largest acreage of any crop in the US, he says.

Conceding that EC farmers, including those in France, are likely to feel pain as a result of production cuts resulting from a US-EC settlement, he insists: "We are not asking European farmers to do anything that we have not already been willing to do ourselves."

"It is not US farm policies that have created this crisis, but European ones," he says. "We absolutely refuse to accept blame for the damage European farmers are doing to the international trading system. The US is not the guilty party here: the Europeans are the ones that have violated an international agreement."

Let European farmers take their case against the US to the Gatt, wait six years for two favourable rulings, and then threaten counter-retaliation, he says. "Then I would support them 100 per cent."



A farmer burns haystacks in northern France this week in protest at the prospective settlement of the agricultural trade dispute

Major relishes credit for deal

By Philip Stephens, Political Editor

MR JOHN MAJOR last night appeared on the steps of Downing Street to characterise the Gatt agreement between Europe and the US as "the best possible news" for the world economy and a triumph for the British presidency of the European Community.

Exuberant that his intensive diplomacy over the past few weeks had helped avert a transatlantic trade war, Mr Major voiced confidence that the outstanding issues in the Uruguay trade round would be quickly settled.

US President George Bush yesterday praised Mr Major for "his key role in the negotiations".

The British prime minister, who has harangued and harassed Mr Jacques Delors, the EC Commission president, to ensure the Community's negotiators reached an agreement with Washington, also won the immediate congratulations of Mr Howard Davies, the director general of the Confederation of British Industry.

Mr Davies told reporters: "It's quite clear that the prime minister was personally involved and we congratulate him for it... It would have been very serious to have no settlement."

After two months during which his premiership has been battered by a series of domestic crises, Mr Major drew a direct link between the Gatt accord and the government's determination to pull Britain's economy from recession.

> 'It's quite clear that the prime minister was personally involved and we congratulate him for it... It would have been very serious to have no settlement'
>
> **CBI director-general**

He said a Gatt deal was "quite literally the best possible news we could have had for industry, commerce, the consumer, free trade and for the prospect of secure and worthwhile jobs in the future".

Mr Major, who has been desperate for a diplomatic success to stem a rising tide of criticism from other governments in Europe as well as his own electorate at home, brushed aside suggestions that France might yet seek to veto the deal.

Reminding reporters that the Community's decision could be based on qualified majority voting, he commented: "I don't believe Europe will say No to this deal when it is finally concluded."

French minister wants pound and lira back in the ERM

By Robert Mauthner, Diplomatic Editor

FRANCE "earnestly wishes" to see the pound and the lira return to the European exchange rate mechanism (ERM) as quickly as possible, Mr Michel Sapin, the French finance minister, said in London yesterday.

He told the Royal Institute of International Relations the fact that there was now a *de facto* core of two stable currencies in western Europe, the D-Mark and the French franc, should not act as a pretext for the exclusion of other currencies from closer monetary integration.

He was fundamentally opposed to a "two-speed Europe", which would relegate such an important participant in the Community's development as Britain to the sidelines.

However, Mr Sapin, who held up the stability of the franc in relation to the D-Mark within the ERM as one of the main reasons for France's economic success over the past six years, was implicitly critical of the British government's decision in September to float the pound.

A strong currency resulted in less imported inflation as well as the obligation to keep up and constantly improve the economy's competitive edge. A reduction of cost and price inflation, as had been achieved by France, was a prerequisite for growth. To grow faster than others, countries had to sell proportionately more both on domestic and foreign markets.

"I am convinced that the policy of competitive devaluation does not allow one to reach this goal," the minister said.

He said his government was examining further steps to restore confidence in the system. These steps would be aimed at reinforcing the joint intervention mechanism through "voluntary" intervention.

Schlesinger firm on interest rates

By David Waller in Frankfurt

MINIMAL room exists for German manoeuvre on interest rates, Mr Helmut Schlesinger, Bundesbank president, warned yesterday, in remarks which will dampen widespread hopes of a cut in German rates this year.

Speaking at the European Banking Congress in Frankfurt, he emphasised that the Bundesbank's policy is aimed at medium-term price stability, cautioning that this goal is being challenged by sharply growing money supply, strong credit growth, considerable price rises and the weakening of the D-Mark against the US dollar.

By sticking to its policy objectives, the Bundesbank was simultaneously doing the best it could to ensure stability in Germany, and helping the process of economic and monetary integration in Europe, he argued.

His speech contained a highly sceptical assessment of the path to monetary union as outlined in the Maastricht treaty. He said that monetary union was desirable and realisable – but not necessarily within the timetable laid down in the treaty.

The treaty specifies that countries should complete the process of monetary union before the end of the decade. Mr Schlesinger said that the timetable should not be regarded as a "straitjacket". Going beyond his prepared text, he said that the timescale could even be prolonged if things developed in a more difficult way than expected.

He laid heavy emphasis on the economic convergence criteria that have to be met before the move to monetary union. He said these were not excessively ambitious, but the path to fulfilment would lead to a painful process of adjustment in some countries.

"You don't have to be a prophet to see that setting up a European central banking system, with the overriding commitment to price stability, will for some countries mark a profound caesura with traditional ways of doing things," he said.

The Bundesbank's policymaking Council meets only twice more this year, on Thursday next week and again on December 10, when a money supply target will be set for next year. Any decision on whether to cut the key Lombard or discount rates will be influenced by provisional data for October money supply growth and November inflation, to be published next week.

The internationally sensitive Lombard rate is currently 9.5 per cent, cut from 9.75 per cent in mid-September. The domestically important discount rate stands at 8.25 per cent, cut from 8.75 per cent in September. Money market rates are about 8.80 per cent, around a percentage point down from the beginning of September.

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مكتبة الأعمال

UK savaged over its EC presidency

By Our Foreign Staff

BRITAIN faced a barrage of criticism over its role as president of the European Community from three European capitals yesterday.

In Bonn, the UK presidency was denounced by a leading parliamentarian as a "downright disaster", because of its failure to resolve Denmark's rejection of the Maastricht treaty.

France joined Germany's criticisms when Mr Dominique Strauss-Kahn, minister of industry and foreign trade, described the UK chairmanship as "calamitous", and a Spanish official accused the UK government of simply "trying to seek a consensus within the Conservative party" instead of trying to reach consensus among EC partners.

Mr John Major last night brushed off the attacks, suggesting the critics should wait *for the outcome of the Edinburgh summit next month* before passing judgment.

Speaking on French radio, Mr Strauss-Kahn accused the UK of creating difficulties for France in the farm trade negotiations with the US.

"It is the most calamitous presidency I have lived through in all my time in government," said Mr Strauss-Kahn. "The British have a manner of presiding over the Community which puts us in very great difficult against the Americans and I can hardly wait for December 31, when this community presidency will be over."

Mr Günter Verheugen, chairman of the special committee of the Bundestag set up to prepare ratification of the treaty, expressed deep pessimism at the prospects for saving it in the face of Danish demands for far-reaching amendments.

"It is a cause for very sharp criticism that the British presidency has simply not exercised its leading and co-ordinating role," he said.

"The British presidency in the second *half of the year is* proving to be more and more of a downright disaster. I have real doubt that it will prove possible to find an acceptable solution to the Danish problem in Edinburgh."

In Madrid, the Spanish government served notice that it would block an enlargement of the European Community unless there was prior agreement to an increased Community budget and ratification by all the partners of the Maastricht treaty.

"There is a logical sequence that has to be followed: first the Delors II package, then ratification and then enlargement. The sequence was laid down at Maastricht, it was agreed at the Lisbon summit in the summer and we do not want it altered," a senior Spanish official said.

Senior Whitehall officials said Britain still hoped to secure agreement at the summit on future financing of the Community, on a package of proposals to regain Danish support for the Maastricht treaty, and on the opening of informal *negotiations on enlargement.*

They were unsurprised by French criticism, in view of Mr Major's determination to stop Paris blocking a Gatt deal.

Krona flotation followed EMS rebuff to Sweden

By Lionel Barber in Brussels *and David Marsh in Frankfurt*

SWEDEN was given a final rebuff in its efforts to link the krona to the European Monetary System last Monday, just three days before a wave of speculation forced the central bank to abandon its policy of pegging the krona to the European currency unit.

The rebuff was delivered by the European Monetary Committee, the 26-strong committee grouping senior EC treasury *and central bank officials*, which lies at the heart of EC economic and monetary policy, senior officials in Brussels and Stockholm said yesterday.

The rejection was a blow for Mr Carl Bildt, the Swedish prime minister, who pushed for associate membership of the EMS to form links with a more *stable exchange rate framework* ahead of planned EC membership in 1995.

Sweden's main opposition Social Democrats yesterday demanded a new broad-based government of national unity, to deal with the country's problems, Robert Thomson writes from Stockholm.

Mr Ingvar Carlsson, party leader, called on the small Centre Party and the Liberals to break from the coalition and join the Social Democrats in a new administration.

The disclosure that the EC appeared to have turned its back on the country may spark controversy in Sweden, where opposition to Community membership recently broke the 50 per cent level.

Mr Helmut Schlesinger, president of the German Bundesbank, yesterday criticised as "mistaken" Sweden's policy of trying to peg the krona to the European currency unit.

The Bundesbank maintains that the Ecu is the wrong unit on which to base either the European monetary system or economic and monetary union.

At a banking conference in Frankfurt, he said Sweden's decision to float the krona could help correct "misconceptions" *about the fixity of European* exchange rates.

Mr Schlesinger called the Ecu "a currency which doesn't really exist". Although he did not specify the D-Mark, he recommended a "natural currency" as the best yardstick for a currency like the krona.

Ships suspected of violating UN trade ban may be stopped and searched

Nato to enforce Yugoslav embargo

By Laura Silber in Belgrade and Reuter

A British Army 4-ton truck carrying relief aid for the frontline Bosnian town of Tuzla lies on its side after hitting a soft shoulder on Thursday. The army was leading the first convoy of UN aid to Tuzla.

NATO agreed yesterday to enforce the United Nations Yugoslav trade embargo, giving its ships in the Adriatic Sea power to stop and search ships suspected of violating the ban, Nato sources said yesterday.

The decision by Nato coincided with a similar one by the Western European Union (WEU) defence grouping, which announced in Rome that it had ordered a full naval blockade in the Adriatic to tighten the economic noose around the rump remainder of Yugoslavia.

The decisions came as Mr Cyrus Vance, the international *mediator, accused local Serb* authorities of violating the UN peace plan in eastern Croatia.

Mr Vance and Lord Owen, co-presidents of the Geneva Conference on the former Yugoslavia, made a two-day visit to UN peacekeeping zones in Serb-held territory in Croatia in an attempt to break the deadlock over demilitarisation.

The Vance plan, agreed on January 3 by the presidents of Serbia and Croatia, calls for *the disarming and disbanding* of paramilitary units and the *return of refugees to the four* UN zones.

Mrs Blandina Negga, UN civil affairs officer, yesterday said: "We have become deadlocked with the local authorities. The militia has refused to give up its arms.

"They are not in favour of any refugees returning. Until the militias are disarmed no civilian will be safe. No refugees can return."

One UN official said: "The whole situation is sliding."

In Rome Mr Salvo Ando, the Italian defence minister, said *he expected the Nato and WEU* blockade would begin on Tuesday at midday. But details of the operation would be settled on Monday when WEU and Nato officials met to settle procedures. There are five vessels in the Adriatic under the aegis of the WEU and seven attached to Nato.

Nato ambassadors meeting at the North Atlantic Council approved the plan in line with Monday's United Nations Security Council resolution calling *for enforcement of the ban.*

The WEU said it committed *its members to order their air*craft and warships to ensure "strict implementation of the [UN] embargo at sea" against Serbia and Montenegro, the two republics making up what is left of the old Yugoslav state.

Nato sources said the rules of engagement agreed for the alliance ships would allow them to stop and search suspect vessels to prevent illicit cargo from reaching the former Yugoslavia.

Nato and the WEU have shared patrolling duties in the *Adriatic Sea since July to mon*itor ships suspected of breaching the trade embargo, but they have not had power until now to halt vessels or order them to turn back from their intended destinations.

● Serbian President Slobodan Milosevic will stand in early elections on December 20, the ruling Socialist Party announced yesterday.

Mr Milosevic is seen by the international community as the main instigator in the vio*lent break-up of Yugoslavia in* recent years.

Germany acting to strengthen Euro-MPs

By Quentin Peel in Bonn

GERMANY is set to approve a string of key constitutional amendments which will ensure no further steps are taken towards European union without real strengthening of democratic control at *the level of the European parliament.*

The parliamentary committee set up to prepare the Maastricht treaty on European union for ratification will complete its work on Monday, paving the way for changes that will also significantly extend the power of the German Länder, the 16 federal states, over EC legislation.

Mr Günter Verheugen, the Social Democrat chairman of the committee, said yesterday no further moves towards European union would now be possible without fulfilling the German constitution's strict conditions.

"There will be no approval of a Euro*pean defence union without ensuring* that the democratic deficit has been removed," he said.

At the same time, there would be no move to final implementation of European economic and monetary union (Emu) without the express approval of the two houses of the German parliament, the Bundestag and Bundesrat, in a joint resolution.

Mr Verheugen also claimed victory for the parliamentarians over the government, to ensure that only a European central bank, as strictly defined in the Maastricht treaty, could be set up. He suggested that the government's *looser wording would have allowed* another form of European central bank to go ahead, for example between just Germany and France, even if Maastricht was not ratified.

The Bundestag is due to vote on ratification of the treaty, and on the constitutional amendments, on December 2.

The constitutional amendments require that future transfer of national sovereignty to Brussels will need a two-thirds majority in both houses. Mr Verheugen said that would affect any moves to increase defence co-operation, and co-ordination at a Community level of police work and law enforce*ment.*

At the same time he expressed considerable pessimism about the prospects for ratification of the Maastricht treaty, insisting that Denmark's objections could not be met in any form short of full treaty amendments. Such amendments were unacceptable to other member states.

REPEAT INVITATION TO TENDER FOR THE HIGHEST BID
for the separate purchase of the production units and other assets of
"HELLENIC CHEMICAL PRODUCTS & FERTILISERS COMPANY SA",
of Athens, Greece.

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities", in its capacity as Liquidator of "HELLENIC CHEMICAL PRODUCTS & FERTILISERS COMPANY SA", of 20, Amalias ave, Athens, Greece (the "Company"), which has been declared, by virtue of decision No 4299/1992 of the Athens Court of Appeal, under the status of special liquidation according to the provisions of Law 1892/1990

announces a repeat call for tenders

for the highet bid by submission of sealed binding offers for the separate purchase by public auctions (the "Auctions") of one or more of the production units and other assets of the Company, defined by the Athens Court of Appeal as follows:

PRODUCTION UNITS AND OTHER ASSETS OFFERED FOR SALE (brief description)

1. DRAPETSONA INDUSTRIAL COMPLEX - "DIC" (1st Auction): The DIC is built on an estate of 255,000m² owned by the Company and located by the sea in Drapetsona, Piraeus and is accommodated by exclusive port facilities. It includes sectors for fertilisers, for sulphuric acid and phosphoric acid, for chemicals, for sheet glass and for agricultural chemicals. The DIC is in operation with a personnel of 810 employees.
2. KASSANDRA MINES (2nd Auction): The mines are located in the area of the villages of Stratoni and Olympias in the Chalkidiki Peninsula (Northern Greece) and are accommodated by port facilities. The Mines include 1,764,000m² of land owned by the Company, houses and two differential flotation ore plants for mixed sulphides with a capacity of 700,000 and 400,000 tons respectively with certain sulphides ore reserves of more than 13 million tons and possibly 7 more million tons and, in addition, 11 million tons of pyrite, 4 million tons of chalcopyrite, and 1.5 million tons of manganese ore. The Company is holding mining licenses over a total area of 350Km². The Mines are in operation with a personnel of 1,049 employees.
3. HERMIONI QUARRIES (3rd Auction): In the quarrying sector the Company is holding a marble quarry of a variation known as "Heliokaston" and two plants for the processing of marble blocks of a capacity of 15,000m² situated near the town of Hermioni in Peloponnesus on owned land of 106,000m² including houses of a total covered area of 5,242m² and offices and stores of a total covered area of 984m². The quarries are in operation with a personnel of 10 employees.
4. STOCKS IN CING SA (4th Auction): Nine thousand (9,000) registered shares in the Greek company "Chemical Industries of Northern Greece S.A.", being 15% of the share capital thereof.

5-6. REAL ESTATE PROPERTIES (5th-6th Auction): (a) 25,000m² of land within and 172,000m² outside the territorial limits of the Yalova Area (Province of Messinia); and (b) 14,000m² of land in the Ekali (Attica) region outside the "town plan".-

7. REMAINING ASSETS OF THE COMPANY (7th Auction): The remaining assets of the Company, which are offered for sale as a single whole. include a portfolio comprising stocks in various Greek companies, various mining licenses ,real estate properties and other assets.

OFFERING MEMORANDA – FURTHER INFORMATION: Interested parties may obtain an Offering Memorandum for each of the above mentioned production units and other assets, an Information Memorandum for the Kassandra Mines (prepared by Citibank, N.A., financial adviser to the liquidator) and any further information, upon execution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTIONS

1. The Auctions shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the respective Offering Memoranda. Such provision and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
2. Binding Offers: For the participation in each of the Auctions interested parties are hereby invited to submit binding offers, not later than the 14th December 1992, 12:00 hours, as follows:
   (1) For each of: Drapetsona Industrial Complex (1st auction), the Stocks in CING SA (4th auction) and the plots of land (5th-6th auction) to the Athens Notary Public Ioanna Gavrieli-Anagnostalaki, address: 18 Fidiou str., Athens, tel: +30-1-362.51.91 or 361.97.28; and
   (2) For each of: Kassadra Mines (2nd auction) Hermioni Quarries (3rd auction) and the Remaining Assets of the Company (7th auction), to the Athens Notary Public Anna Tsafara, address: 10-12, Ippocratous str., Athens, tel: +30-1-361.95.83 or 364.31.38.
   Offers should expressly state the offered price and the detailed terms of payment (in cash or in instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate).
   Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
3. Letters of Guarantee. Binding offers must be accompanied by letters of guarantee, issued, in accordance with the draft form of letter of guarantee contained in the respective Offering Memoranda, by a bank legally operating in Greece and valid until the adjudication. The amounts of the letters of guarantee must be as follows: (a) for Drapetsona Industrial Complex (1st auction): drs 350,000,000; (b) for Kassandra Mines (2nd auction): drs. 350,000,000; (c) for Hermioni Quarries (3rd auction): drs. 40,000,000; (d) for the Stocks in CING SA (4th auction): drs. 40,000,000; (e) for each of the plots of land (5th-6th auction): drs 40,000,000; and (f) for the Remaining Assets of the Company (7th Auction): Drs 40,000,000. Letters of guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to paragraph 1 hereof, the letters of guarantee shall be forfeited as a penalty.
4. Submissions: Binding offers together with the letters of guarantee shall be submitted in sealed envelopes. Submission shall be made in person or through a duly authorised agent.
5. Envelopes containing the binding offers shall be unsealed by the respective Notaries, in their offices, at the addresses mentioned above, on the 14th December 1992, at 13:00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
6. As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors), in their absolute discretion, upon suggestion of the liquidator. to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of a discount interest at an annual rate of 28% compounded quarterly or yearly.
7. The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
8. Mention is hereby made that special additional terms shall apply in respect of the sale of each of (a) Drapetsona Industrial Complex (1st auction), (b) Kassandra Mines (2nd auction), and (c) Hermioni Quarries (3rd auction), in view of the fact that said production units are in operation and will be so sold and that the current assets are subject to daily variation. Such special terms are included in the "Terms and Conditions of Sale" contained in the respective Offering Memoranda for each auction and refer to the consideration of the binding offers in relation to the value of the current assets. the transfer of the current assets and a possible arrangement in respect of the variation of the current assets during the period between the evaluation of the offers and the execution of the contract of sale. In respect of the 7th auction, mention is also hereby made to those of the items included in the Remaining Assets of the Company, which are used for the operation of the productive units of the Company (such as office equipment, vehicles, telephone lines etc), shall be delivered to the successful bidder of the 7th auction after the completion of the proceedings of the Company's liquidation.
9. All costs and expenses of any nature in respect of the participation and the transfer of the assets shall be exclusively borne by the participants and the purchaser respectively.
10. The liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel any of the Auctions or any decision whatsoever in connection with the proceedings and the making of the Auctions. The liquidator and the notaries shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in any of the Auctions against the liquidator and/or the Creditors for any reason whatsoever.
11. This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

For obtaining the Offering Memoranda and for any further information please apply to:
The liquidator's agents: Messrs Ioannis Desis and Andreas Zervas, address: 20, Amalias ave., Athens 105-57, tel: +30-1-322.75.70, fax: +30-1-322.11.03.
In respect of the Kassandra Mines, to the liquidator's financial advisor: Citibank, N.A. (Athens Branch), address: 8, Othonos, ATHENS 105-57, tel: +30-1-324.86.56, fax: +30-1-324.32.77 (attn. Vassilis Tsiliberis, Vice President).

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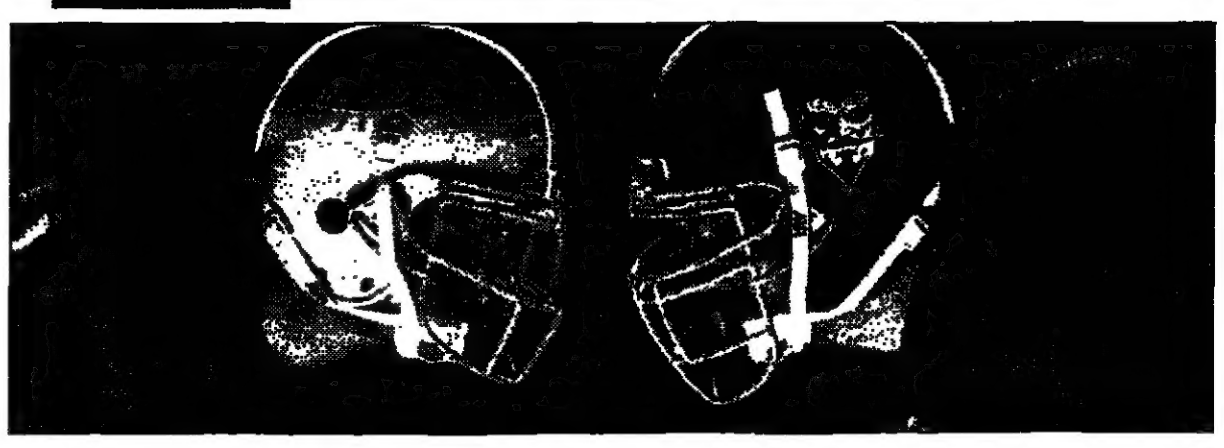

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Ruling party backs down after opposition blocks economic package in parliament

Japan's leaders to testify on scandal

By Charles Leadbeater in Tokyo

JAPAN'S parliament yesterday cleared the way for debate on the long delayed Y2,990bn (£16bn) supplementary budget to boost the economy after the ruling Liberal Democratic Party agreed to produce three key figures at the heart of the Tokyo Sagawa Kyubin scandal for questioning.

The budget, which is central to the implementation of the Y10,700bn emergency public spending package announced in August, has been held up for more than two weeks by the dispute over testimony about the scandal.

The LDP, under heavy economic and political pressure, agreed to opposition demands that Mr Hiroyasu Watanabe, the former president of Tokyo Sagawa Kyubin should give evidence under oath.

Mr Watanabe's testimony could provide the long running scandal with a new lease of life by linking up to 12 LDP leaders to his former company, which made illegal donations to politicians.

In court this month Mr Watanabe alleged that he gave money to several LDP leaders. It is also alleged that Mr Watanabe acted as an intermediary between LDP politicians, right wing nationalists and organised crime syndicates.

Mr Watanabe is in prison during his trial on breach of trust charges brought by his former employer, a leading trucking and courier company. It is not clear when or where he will be questioned.

The LDP also agreed that Mr Noboru Takeshita, the powerful former prime minister and Mr Shin Kanemaru, the former leader of the LDP's largest faction should give sworn testimony.

Mr Takeshita is likely to testify next Thursday, while Mr Kanemaru is likely to be questioned at his hospital bedside after undergoing eye surgery next week.

Mr Kanemaru recently resigned from parliament after admitting that he had received an illegal political donation of Y500m from Tokyo Sagawa Kyubin in 1990. Mr Takeshita faces allegations that he enlisted the company's help to ask organised crime syndicates to quell a right wing smear campaign against him when he was seeking to become prime minister in the late 1980s.

The parliament's budget committee began work on the supplementary budget immediately by questioning Mr Tsutomu Hata, the finance minister. The committee will question the cabinet on the budget next week.

Although the agreement is a reflection of the public pressure on the LDP over the affair, it also marks an important step in its attempt to regain the political initiative after more than two weeks of drift and stalemate.

In the past few days the party has come under increasing pressure from business leaders to break the parliamentary impasse which has held up the budget.

Mr Kiichi Miyazawa, the prime minister has attempted to respond to business criticism and assert his authority over the fractious squabbling at the top of the party by calling on the finance ministry to draw up plans for an expansionary budget for 1993.

The LDP also signalled yesterday that it may be prepared to amend its limited proposals for political reform by taking on board some of the opposition's demands.

Bowing down: Mr Miyazawa defers to a parliamentary budget committee yesterday after the opposition ended its boycott

Lone farmer blocks Japan's gateway to the world

Gordon Cramb on a system of consensus that means things sometimes do not happen at all, even international airports

IT COULD almost be England. Sturdy hedgerows flank the narrow lane. A Boeing grinds overhead through a grey sky. At the farmhouse, a marmalade cat appraises arrivals.

But the farm, owned by 69-year-old Mr Kohei Ogawa, lies in Japan's Chiba prefecture. Chiba is also home to Narita airport – the scruffy, overcrowded first port of call for most of the 3.5m visitors to the country each year. For more than 20 years Narita has caused a bitter dispute between farmers and those who want their land for a bigger airport.

Mr Ogawa and seven other farmers whose land is directly threatened by the extension plans have been locked in battle with the government for 26 years. The dispute has the hallmarks of a Japanese political tussle – intrigue, faction fighting, hidden agendas, dirty tricks, even death.

Last month the Tokyo high court ruled that the government was entitled to procure land for the project. Rejecting a complaint by 39 farmers (most of whom were contesting the expansion on noise grounds), Mr Shigeru Sato, the judge, said that "public benefits from the construction of the airport outweigh the disadvantages to local citizens."

But the ruling will go to appeal. The building of the first of two additional runways, with which Narita wants to double its capacity to 220,000 flights a year, is no nearer. A total of 23 other lawsuits are pending, and Japan's civil legal system – the latest case stemmed from a lower court finding in 1984 – can be as circular and slow-moving as a baggage carousel.

The Narita dispute vividly demonstrates that Japan's consensual way of getting things done sometimes means they do not get done at all. "A few can hold up something which would benefit the whole country," observes Ms Victoria Menendez, airline analyst with Jardine Fleming in Tokyo.

Even if all went well, a new runway would not be ready before 1996. Meanwhile, carriers are being required to provide funds for terminal facilities which cannot until then be properly used.

Inside the farmhouse where the runway would be, Mr Ogawa brings out a dog-eared ring-binder containing an application from the airport authority dated September 13 1969. The submission tells the Transport Ministry that three quarters of the land has been bought and the rest will be no problem. Completion is expected in March 1974.

The protestors' main ground for objection is that the government pushed ahead with the project – Narita with its one runway opened eventually in 1978 – without securing adequate local backing. But the issues are muddied, and Mr Ogawa has grudges against the government which go back much further.

After the war, the family lost land in a government reorganisation of agriculture. In 1969, he took the government to the supreme court to challenge his father's death duties, arguing unsuccessfully that these did not recognise that the property was farmland.

"This has been going on for the past 26 years. I'm still here. I have been deceived by the government but not defeated," he says. "The government started from the wrong place – like buttoning a shirt, if you get it wrong you have to go back to the beginning."

Although Mr Ogawa is one of only eight farmers whose land is under threat, such is the faction-ridden nature of even the most localised Japanese politics that the eight are split into three camps.

They differ, family feuds aside, on the use of violence and the extent of the involvement of "outsiders" in the campaign. The 39 who lost their case last month were the residue of more than 1,600 original plaintiffs, most of whom were affected on noise grounds. Some Y5bn (£27m) a year from airport revenues goes on local environmental spending, most of it funded through landing charges.

Mr Ogawa speaks for four households, the more radical Kitahara faction for another two, and the Atsuta faction for the remainder. Atsuta, the only faction to be involved in round-table talks with the authorities – which began a year ago and on which both pin wan hopes – is now deemed the most moderate. Its spokesman, Mr Hiromishi Ishige, admits his own commitment has also led him to the borders of legality. "In the past we and the government fought even dirtier than the yakuza," Japan's tattooed and intimidating gangsters. "People were killed."

Four policemen and two protesters died in the early 1970s, three of the police in a 1971 incident where the government demolished a house. A friend of Mr Ishige (and the apparent culprit) committed suicide immediately afterwards.

Incidents continue. The new home of a former airport opponent was bombed this summer after he sold up and moved three years ago.

The talks have brought a pledge from the government not to take land by force, although Mr Ishige concedes that the legal power to make a compulsory purchase order does exist.

"The Narita issue is something to do with the whole trend of the world," he argues. "Ten years ago the government ignored our proposals to solve it by negotiation. The Japanese economy was growing fast and the government thought it could take the leadership. This was neo-nationalism. After the cold war ended, there has been and there must be less emphasis on conflict."

At the Transport Ministry an official says only that the authorities will "continue negotiations with landowners peacefully and rationally." And, it still appears, inconclusively.

Pessimistic companies cut back on investment

By Charles Leadbeater

JAPANESE companies are making deeper than expected cuts in investment as they become pessimistic about the economic outlook, according to a clutch of official figures released yesterday.

The Ministry of Trade and Industry reported that a survey of 1,808 businesses in October found investment would fall by 3.9 per cent in the financial year to next March. A similar survey in March this year forecast that investment in the following 12 months would fall 1.4 per cent.

Meanwhile the economic planning agency published its closely-watched index of leading economic indicators, which suggests the economy will contract for at least another three to six months.

Miti said companies were becoming increasingly cautious about investment as the economic downturn gathers pace. A big fall in consumption means that inventories of unsold products are still growing despite deep cuts in production.

The cuts in investment will be particularly pronounced among manufacturers. Manufacturing companies expect to cut investment this year by 11.9 per cent. In the electronics and motor industries the cuts will be about 16 per cent. In March the companies had forecast an 8.9 per cent cut in manufacturing investment.

The contraction in investment is gradually spreading to non-manufacturing sectors such as retailing. Non-manufacturing companies forecast a 1.9 per cent cut in investment; earlier they forecast a 3.4 per cent increase.

The report said companies were cutting investment in all areas which did not directly contribute to improvements in short-term profits. Even previously sacrosanct areas such as research were being cut as well as investment in labour-saving machinery.

Investment in the next financial year is expected to be a further 1.5 per cent down on this year, according to the report. However, most companies said they could not predict their plans because the economic situation was so uncertain.

Household consumption, especially of consumer goods such as electronics, is still stagnant, according to a household spending survey. Spending rose 0.8 per cent in September from the same month last year, according to a survey by the Management and Co-ordination Agency.

Despite the recent pick-up in housing starts, sales of household items such as electrical appliances were 11.6 per cent down on last year, while spending on transport and communication was 10 per cent lower.

However, Japanese families are still spending heavily on what they regards as necessities, such as their children's education, which enjoyed a 14.5 per cent rise in expenditure.

Inquiry judge in talks with De Klerk

South African President F.W. de Klerk, under fire over alleged army dirty tricks, met the judge probing the scandal yesterday to discuss granting him wider investigative powers, **Reuter reports from Johannesburg.**

A spokesman for Mr de Klerk said the president would ask Judge Goldstone for an early report on military intelligence activities allegedly aimed at undermining the African National Congress.

Judge Goldstone issued a statement on Monday revealing evidence that senior military intelligence officers hired a convicted killer last year to discredit the ANC. He asked for more powers and resources to investigate wrongdoing by all armed forces of the government, the black opposition and right-wing white groups.

East Timor rebel leader captured

Indonesian troops captured the leader of East Timor's rebel Fretilin movement yesterday, the army said, **Reuter reports from Jakarta.**

The rebel chief, a shadowy figure, has long been regarded as a symbol of the resistance to Indonesian rule imposed on East Timor in 1976, a year after the departure of East Timor's Portuguese colonial rulers.

German attacks on foreigners rise

Violent attacks on foreigners living in Germany are rising significantly, with most incidents committed in western Germany and by young people, according to a report by the Interior Ministry of Lower Saxony.

Between January 1 and November 8, right-wing extremists used violence against 1,760 people, compared to 1,483 over the same period last year. Eleven people have been killed this year.

Swiss bank chief rejects criticism

Mr Markus Lusser, president of the Swiss National Bank, has rejected criticism by the Organisation for Economic Co-operation and Development (OECD) of the central bank's monetary policy, **Ian Rodger writes from Zurich.**

"The significant fall in inflation confirms that our way is right," Mr Lusser said in a speech in Basle. Swiss inflation has declined steadily from a peak of 6.6 per cent in mid-1991 to to 3.5 per cent last month.

The OECD said in its annual survey of the Swiss economy, published last week, that the SNB's policy leads to confusion in financial markets about exchange rate and monetary policy objectives.

Chile in $450m iron ore deal

Compania Minera del Pacifico, part of Chile's privatised iron and steel group CAP, has clinched a $450m (£298m) contract to supply 20m tonnes of iron ore products to Japanese steel mills over the next five years, **Leslie Crawford writes from Santiago.**

Ghana delays poll

Ghana has delayed parliamentary elections by two weeks to December 22 because of an opposition boycott following disputed presidential polls, the national electoral commission said yesterday, **Reuter reports.**

Correction

Yesterday's Financial Times carried a photograph of Mr Ong Teng Cheong, a Singapore deputy prime minister, who was wrongly identified in the caption as Mr Lee Hsien Loong, another deputy premier.

Yeltsin wins over South Koreans

By John Burton in Seoul

PRESIDENT Boris Yeltsin left Seoul yesterday having won the confidence of South Koreans and dispelling much of the distrust that South Koreans have harboured against Russia since the Korean war.

Symbolic gestures, such as Mr Yeltsin's personal delivery of the "black box" from the Korean airliner shot down by the Soviet Union in 1983, were meant to convince the public of Russia's friendly intentions.

Mr Yeltsin also assured his hosts that Moscow was ending its military support of North Korea, while supporting South Korea's demand that Pyongyang accept spot inspections of its suspected nuclear weapons facilities.

The signing of several accords, including one establishing regular bilateral consultations and another on military co-operation, appears to place Moscow-Seoul relations on a firm foundation only two years after the countries established diplomatic links.

But Mr Yeltsin may still be disappointed if he expects these measures will result in a sharp increase of Korean investment in Russia.

One indication of the troubles involved in economic ties was the failure yesterday to sign an agreement establishing an Korean industrial complex at the port of Nakhodka.

Although a contract was signed on a feasibility study for the joint development of natural gas reserves and construction of a gas pipeline to South Korea, this massive project will take at least 20 years to complete if undertaken.

Korean companies, meanwhile, are more attracted by the immediate gains promised in the rapidly developing Chinese market. Korean direct investments in China are 10 times larger than in Russia.

In the context of South Korea's Nordpolitik policy to isolate North Korea, China is also considered to be more important than Russia because it has greater influence in Pyongyang.

Seoul wants to use Beijing's influence to persuade North Korea to make concessions on the nuclear issue and open up its economy to market forces.

By selecting South Korea as the first nation he visited in Asia as Russian president, Mr Yeltsin was also perceived as delivering a diplomatic snub to Japan over the Kurile Islands dispute.

Russian officials indicated that Moscow's closer economic ties with Korea would force Tokyo to make a concession on the territorial issue.

FOR VOLVO THE PLEASURE OF BEING THERE SHOULD BE ACCOMPANIED BY THE PLEASURE OF GETTING THERE.

A motoring correspondent on the Weekend Telegraph wrote recently of the Volvo 940 SE Turbo Estate:

"I had a day whooshing one round Warwickshire last week and enjoyed it enormously."

For someone unfamiliar with the Volvo estate words like "whooshing" may sound a little surprising.

Then there's the motoring expert who wrote "One could not have had better transport for a May Day weekend in Dorset than the 940 SE Turbo Estate."

Or the writer from the Sunday Express who expressed himself thus:

"I must say I loved the way the car performed (940 SE Turbo Estate). On our legally restricted highways I never got close to verifying the 124 mph top speed, but can confirm that at the legal 70 mph limit the engine is turning at under 3,000 rpm and the turbo is idling."

Such enthusiasm for an estate car? Surely it can't compare with a performance saloon from you know where?

Indeed it can. The 2-litre turbo will accelerate out of trouble faster than a BMW 535i. (The 50-70 mph time in top is just 9.1 seconds.)

The days when you had to choose between pace and space are over.

Nor with the Volvo do you sacrifice any other driving pleasures.

The seats were designed with the help of medical experts who know what's good for your back.

The Volvo is quiet, too, with a Cd value of just 0.36.

(Compare this with the slab-like design of off-road vehicles where motorway journeys can be noisy and tiring in the extreme.)

The 940 estate has ABS as standard.

(You can't even get it as an option on the Discovery.)

The ventilation system is highly efficient, changing the air inside the car four times every minute.

(Air-conditioning is standard on the Wentworth model.)

And, of course, no other estate can match the Volvo's convenience.

Not sure whether you want to windsurf or play golf? Take everything just in case.

With a possible 75 cubic feet of luggage space the Volvo is bigger than the Citroën, Mercedes, Audi and Granada estates. Not that you'd know it from the driver's seat.

Power steering is standard and should you want to fill all that space with Mahler rather than luggage, so is the tailor-made stereo radio.

Manoeuvring the Volvo couldn't be simpler. The turning circle is smaller than that of a VW Golf and slim pillars and large windows give you excellent visibility.

You can see (and drive) the complete range of Volvo estates at your nearest dealer.

Prices start at £15,725 and there are 14 models to choose from.

Why not go and take a look?

It would be a shame to waste any more time in the wrong car.

VOLVO 900 ESTATES FROM £15,725 INCLUDING CAR TAX & VAT. EXCLUDING STANDARD NATIONAL DELIVERY CHARGE £370 INCLUDING VAT. PRICES ARE CORRECT AT TIME OF GOING TO PRESS. FOR FURTHER INFORMATION TELEPHONE 0800 400 430.

Terrorism insurance by state is urged

By Richard Lapper

THE GOVERNMENT may come under pressure next week to help provide business with financial protection against terrorist attack, in the wake of last week's announcement by the Association of British Insurers that terrorism might be excluded from commercial insurance policies.

The ABI, the industry's trade association, issued its members with a model insurance policy wording excluding terrorism on November 12.

Few companies are prepared to comment, but a number are known to be concerned about facing possible losses from terrorism without insurance cover.

At a meeting on Monday the Association of Insurance and Risk Managers in Industry and Commerce (Airmic), which represents buyers at more than 300 leading British companies, will voice industry's concerns with representatives of the CBI and the ABI.

According to Mr Alan Fleming, the purpose of the meeting is to negotiate a common approach to the government.

Mr John Greenway, the Conservative MP for Ryedale, the chairman of the all-party insurance and financial services committee, is also expected to meet Airmic on Monday.

He wrote earlier this week to Mr Michael Heseltine, the trade and industry secretary, suggesting that the government could help provide reinsurance to allow insurers to continue to cover terrorism.

Mr Greenway thought it would not be viable to introduce the scheme that compensates for terrorist losses in Northern Ireland to the mainland.

Mr Tony Baker, head of public relations at the ABI, said without reinsurance UK insurers could offer only up to £600m of cover, compared with potential demand of £240bn.

Brokers said yesterday that reinsurance policies to cover terrorism might be made available on the London market but would be expensive and cumbersome. Reinsurers would be likely to demand a detailed schedule of every building.

Lloyd's offers new measures to Names

By Richard Lapper

LLOYD'S OF London announced new moves yesterday to help pave the way for an ambitious negotiated settlement of legal actions by aggrieved Names, underlining a mood of conciliation at the insurance market.

A six-month moratorium covering 3,000 Names is to be extended to a further 196 against whom Lloyd's has served writs to recover debts. Lloyd's announced the moratorium – during which Lloyd's will take no action to recover debts – earlier this month.

Separately, solvency rules, which govern the amount of money Names must deposit with Lloyd's in order to continue underwriting, are to be relaxed to enable tax rebates due to Names to be taken into account. At least 1,000 Names might benefit from the measure, which has followed negotiations between Lloyd's and the Inland Revenue.

Mr Peter Middleton, chief executive, said both measures were designed to "lower the temperature" at the market, and followed talks this week with leaders of action groups of Names. Mr Middleton hopes negotiations designed to achieve an "arbitrated settlement" of the various legal actions between Names and their agents could begin by as early as mid January. Lloyd's "wanted to avoid three to four years of litigation. The primary beneficiaries [would be] lawyers," said Mr Middleton, who took over as chief executive two months ago.

Last month Mr Middleton announced the formation of a working group of market professionals and Names to examine ways errors and omissions underwriters (which insure underwriters and agents against the cost of legal awards for negligence) might contribute to a settlement.

A separate working group is examining the difficulty of open years, which emerge when syndicate managers are unable to close years of account because of uncertainty over the size of future claims.

Names have welcomed the move. Mr Alfred Doll-Steinberg, chairman of the Gooda Walker Action Group, described the measures as "superb" and said the measures might defuse tension. He said Gooda Walker Names would reinforce existing powers to take legal action when they meet on November 30, but he is enthusiastic about the prospects of an agreement. "We've got to offer something in return," he said.

Mr Christopher Stockwell, chairman of the Lloyd's Names Associations Working Group, said he was "delighted that Lloyd's is serious about talks. It is clear that Peter Middleton will do all in his power to bring about a settlement of Lloyd's historic problems."

Mr Val Powell, of the Association of Lloyd's Members, said the moves would "give breathing space to consider other ways out of the problem".

DAILY MIRROR journalists protested outside the London headquarters of Mirror Group Newspapers yesterday to try to bring about the reinstatement of 100 sacked colleagues, Jimmy Burns writes.

The journalists will picket MGN's headquarters today in an attempt to disrupt production of two Sunday newspapers, the Sunday Mirror and The People,

More than 100 freelance journalists, many of whom have worked on various MGN titles for years, have been locked out of the building since Monday.

Yesterday they were joined by other trade unionists and readers in a demonstration that demanded the dismissal of Mr David Montgomery, MGN's new chief executive, and the reinstatement of all those sacked over the past week.

The sackings form part of a reorganisation of MGN by the group's new chief executive Mr David Montgomery.

According to MGN executives, several casual shifts were being worked a week with unnecessary costs for the company.

Mr Montgomery said yesterday that "no nook or cranny" of the MGN business would be untouched in a reorganisation aimed at achieving a "tight and efficient operation."

The reorganisation has the backing of a group of banks that effectively own 54 per cent of MGN, held as collateral for loans made to the Maxwell interests now in administration.

Mr Trevor Davies, father of the National Union of Journalists chapel (office branch), said the absence of casuals had disrupted production and advertising at the Daily Mirror this week.

The MGN chapel is balloting its members on strike action today with a result expected to be announced next week.

Photograph by Fergus Wilkie

Whitehall told to make plans to cut red tape

By Philip Stephens, Political Editor

MR JOHN MAJOR sought to give teeth yesterday to his pledge to ease the regulatory burden on business by demanding that every government department produce proposals by the new year to sweep away unnecessary bureaucracy.

His announcement, after a meeting with Mr Michael Heseltine, the trade and industry secretary, and Mr Neil Hamilton, the industry minister, signals the start of an intensive Whitehall exercise designed to strike a better balance between costs and benefits of regulation.

Mr Major plans to chair a cabinet review of the outcome in January or February, intensifying the pressure on each department to come up with substantive proposals. There were also signs at Westminster yesterday that the government may move soon to meet the commitment in its election manifesto to overhaul the present law on restrictive practices. Ministers have been studying ways to replace the present system – based on the restrictive practices court – with one modelled along the lines of Article 85 of the Treaty of Rome.

Mr Hamilton, who has been given specific responsibility for deregulation, said he planned a "zero-based" budgeting exercise to secure the repeal or simplification of unnecessary rules and regulations. He also wanted a rigorous examination of the "over-implementation" of European Community directives.

The government was determined that all future regulation – European as well as national – should be subject to a stringent test that calculated the impact on business alongside the potential benefit to consumers.

The aim would be to ensure that rules were introduced as a result of rational analysis rather than because it was easier to opt for "the 100 per cent safe solution regardless of cost".

Mr Hamilton added that the government was determined to apply the same criteria to existing regulation: "Each department will be expected to trawl through all its regulations and come up with candidates for repeal and simplification".

The minister singled out environmental health, fire, food safety, and building regulation as areas where the burden placed on business was often disproportionate to the supposed benefits for consumers. But he also pointed out, for example, that big food retailers have to apply for between 15 and 30 licences before opening each new store. That might be streamlined into a single licence.

Fresh BCCI charges for Virani

MR Nazmu Virani, the former chairman of Control Securities, was charged yesterday with 14 fresh offences by police investigating the collapse of Bank of Credit and Commerce International, John Mason writes.

A warrant was also issued for the arrest of Mr Mohammed Moizul Haque, a former member of the central credit division of BCCI London and the bank's property investment department. Mr Haque is believed to be in Pakistan, which has no extradition treaty with the UK.

Mr Virani was charged on one count of conspiring with Mr Haque to defraud depositors. The two men face 12 joint charges of false accounting. Mr Virani was also charged with the theft of £674,998.94 from Zelva Anstalt, a Liechtenstein company.

The single original charge against Mr Virani of conspiracy to account falsely was dropped.

Alleged bogus loans and debts covered by the charges total more than £27m.

Ninth plea for freedom fails

MR Lorrain Osman, the banker who is Britain's longest-serving unconvicted prisoner, yesterday failed in his ninth court move to avoid extradition to Hong Kong for trial on fraud charges.

Two High Court judges refused to grant a writ of habeas corpus and accused him of taking the action "to filibuster". Mr Osman has been fighting extradition for five years.

Contracting-out attack rejected

FOR the second time in two days, the government yesterday denied that its £1.5bn programme of contracting out government services was in disarray over new EC regulations protecting pay and conditions of workers when they transfer to the private sector.

A document sent to government departments by Mr Don Brereton, head of the cabinet office efficiency unit, said it was "nonsense to suggest that the Foreign and Commonwealth Office or any other department has had to suspend its programme of contracting out".

Apricot plans to create 140 jobs

APRICOT Computers, owned by Mitsubishi Electric of Japan, expects to create an extra 140 jobs at its manufacturing plant at Glenrothes, Fife, over the next three years, increasing employment there by 75 per cent. That follows the opening yesterday of a £5m extension to the plant.

Accountancy firm fined £250

SLATER MARTIN, an accountancy firm based in Northampton, has been fined £250 by the disciplinary committee of the Institute of Chartered Accountants in England and Wales for handling investment business client's money when not authorised to do so.

Bus buy-out

MANAGERS and workers at Strathclyde Buses, the bus company owned by Strathclyde Regional Council, have been given permission by Mr Ian Lang, Scottish secretary, to buy the company in a deal worth £30.6m.

Grand prix date

DONINGTON Park, the Leicestershire motor racing circuit, is to stage its first grand prix since 1938. FISA, the world governing body of motor sports, has revived the concept of a European Grand Prix and it will be at Donington on April 11. Silverstone will retain the British Grand Prix, held in July.

Banks fear green policy effects

By John Gapper, Banking Correspondent

BANKS MAY stop lending to companies in industries that are perceived to be "environmentally risky" unless their liability is limited under British and European law, the chief executive of National Westminster Bank warned yesterday.

Mr Derek Wanless said the creditworthiness of enterprises in industries including natural resources, forestry and chemicals might suffer if the banks lending to them were held responsible for environmental damage.

Mr Wanless, chairman of the financial sector working group of the government's advisory committee on business and the environment, said environmental damage for which a polluter could not pay should be treated as a "social cost".

He argued that European law was in danger of straying from the "polluter pays" principle by extending liability for pollution to lenders, and thus making banks liable to pay amounts "considerably greater than the loan".

He told a Brussels conference on business and the environment: "A small loan to purchase a small industrial site could result in millions of pounds in clean-up costs for lenders or investors if the site is or becomes polluted."

Mr Wanless said there was an increasing number of cases in both Europe and America of lenders deciding not to extend forms of credit to borrowers because of the risk of being held liable for environmental damage.

"A large segment of Europe's economy is subject to some form of visible environmental risk," he said. That might lead to businesses' being unable to find the capital they needed to finance clean-ups of existing environmental damage.

Mr Wanless suggested six measures to clarify British and European law, including a provision that lenders could obtain a security interest in the property of a borrower without fear of attracting environmental liability.

Borrowers and vendors should also have a statutory obligation to disclose to lenders and purchasers information about possible contamination of sites they own or occupy.

Major disclaims Matrix involvement

By Philip Stephens, Political Editor

MR JOHN MAJOR indicated yesterday that he was unaware of attempts by the Department of Trade and Industry in June 1990 to circumscribe the Customs and Excise investigation into Matrix Churchill.

His move to underline that he had no direct involvement in the oversight of exports of defence-related equipment to Iraq came as the government tabled its amendment to a Labour motion condemning it for breaching its own guidelines on the sales.

The amendment for Monday's full-scale Commons debate on the affair says it will be for the inquiry under Lord Justice Scott to determine whether the guidelines were breached. It underlines the wide-ranging nature of the inquiry and "deplores the sensationalised attempts of Her Majesty's Opposition to anticipate the inquiry's findings".

Mr Major, then chancellor, said yesterday a letter to Customs sent from the office of Mr Nicholas Ridley, then secretary of state for trade and industry, had been copied to his officials at the Treasury.

The letter gave conditional DTI approval to an investigation into the sale to Iraq of Matrix Churchill machine tools. It emphasised that Mr Ridley was happy for investigators to visit the company on the assumption that "no action would be taken as a result without consulting ministers".

In a written parliamentary reply to Mr Tam Dalyell, Mr Major said the document was copied to his private secretary. "Treasury records do not reveal whether I saw this correspondence, but I have no recollection of doing so."

The prime minister said that in 1990 the then paymaster general was responsible "in the first instance" for matters involving Customs and Excise. Mr Richard Ryder, at present chief whip, became paymaster general in 1990. It was unclear last night whether he handled the correspondence.

Mr Major's reply added that Customs had made clear at the time to the DTI that "decisions about follow-up" action in the Matrix Churchill affair "would rest with the Commissioners of HM Customs and Excise in accordance with their statutory responsibilities".

Society sues ombudsmen

By Scheherazade Daneshkhu

ALLIANCE & Leicester, the third-largest building society, is taking legal action against the building society ombudsmen, the industry's watchdogs, and suing two individual investors "to clarify certain issues relating to the ombudsmen scheme", particularly the scope of the ombudsmen's jurisdiction.

The specific issue is that of obsolete accounts – accounts that are no longer being marketed.

Many investors complain when their savings account is replaced with a new one and the rate of interest paid on the obsolete account is reduced. Investors are often unaware that their account has become obsolete.

The Alliance & Leicester has issued a writ claiming that the ombudsmen are not entitled to investigate its Gold Plus, Ready Money Plus and Ordinary Share accounts – all instant-access accounts now closed to new savers.

Alliance & Leicester is, in essence, arguing that the decision to replace one account with another, like the rate at which interest should be set, is a policy decision that the ombudsmen have no right to investigate.

The three building society ombudsmen say they are required to consider all complaints within their terms of reference, and especially to consider whether a complainant has be unfairly treated.

"This includes looking at the interest rates set by a society on the complainant's account," said a statement issued by the office of the building society ombudsmen.

Scots authority plan 'unwanted'

By James Buxton, Scottish Correspondent

THE SCOTTISH Office's plans to create a single-tier system of local government in place of the present two-tier structure are "unwanted and unwelcome", Mr Charles Gray, president of the Convention of Scottish Local Authorities, said yesterday.

The Scottish Office last month issued a consultation document proposing various ways of redrawing the local council map of Scotland. Between 15 and 51 single-tier authorities would be set up instead of the nine regional and 51 district councils. Some functions straddling more than one authority would be handled by joint boards.

Mr Gray argued that the question of local government ought to be examined by an independent commission. The convention had hoped that single-tier councils would follow the setting up of a Scottish parliament.

Mr Ian Lang, Scottish secretary, told the same conference in Edinburgh, that the consultation exercise was genuine. "There is no map, already prepared, sitting on a shelf, waiting to be dusted off."

Savings were likely to arise from the proposed unitary structure, he said.

While Mr Gray, until recently convener of Strathclyde regional council, which comprises nearly half Scotland's population, has long opposed the abolition of regional councils, some representatives of district councils also voiced reservations.

They believe the new unitary councils will not gain all the powers now in the hands of regional councils and that there will be little democratic control over functions handled by joint boards.

Councils attack cut to Urban Programme

By Chris Tighe and Paul Cheeseright

THE DEPARTMENT of the Environment has angered local authorities with a notice that it is not prepared to support financially any new schemes to help economic, environmental and social projects through the Urban Programme.

The Urban Programme, for which during the current financial year there is a budget of £237m, has been used to help the poorest urban areas of 57 local authorities. But it is being scaled back by 66 per cent over the next three financial years as the government makes economies in its own spending and reorganises its urban spending.

A hitherto unpublished letter to the 57 local authorities from Mr Robin Squire, the junior environment minister for local government and inner cities, sent after the Autumn Statement, said that the government's new Capital Partnership scheme would supersede the Urban Programme.

But, the letter said, "we will continue to meet Urban Programme commitments arising from approvals in this and previous financial years".

Concern that, as Ms Jane Todd, manager of Nottingham's Urban Programme, put it, "the government is getting us to jump through smaller and smaller hoops to get to a smaller pot of money", will be raised when local-authority leaders meet Mr Michael Howard, the environment secretary.

Those leaders are Mr Jeremy Beecham, leader of the Newcastle City Council and chairman of the Association of Metropolitan Authorities; Mr Bill Dixon-Smith, chairman of the Association of County Councils; and Lady Elizabeth Anson, who chairs the Association of District Councils.

Mr Beecham complained that Mr Squire's letter had been "rather obfuscatory" and that there had been no consultation about the Urban Programme cuts. Mirroring comments from other councils, he was sceptical about the government's commitment to inner-city regeneration.

He said: "It's not evident on the resources being devoted to it. They've gone for the cosmetic. The fundamental problems are getting worse."

Next financial year the Urban Programme budget will be £176m, but the government is holding back £20m of that as a specifically urban element of Capital Partnership.

Under that scheme, local authorities may use recently accumulated capital receipts as a base for urban schemes run jointly with the private sector. They will have to bid competitively for portions of the £20m to supplement their own spending.

Underlying the concern of council leaders is the fear that they will not be able to replace the Urban Programme funding through the competitive process.

The switch in funding methods will mean that Newcastle will lose £2m a year in Urban Programme funding.

Nottingham's Urban Programme budget will decline from £5m this year to £3m next year, to £1m in 1994-95 and to zero the following year.

Coventry expects to lose a third next year of its present £4.65m Urban Programme budget.

The Housing Corporation yesterday announced that 27 housing associations will receive the first £577m of the £750m provided by the government, in its Autumn Statement, to buy up to 20,000 empty homes, Andrew Taylor writes.

The associations are: Bedfordshire Pilgrims, Bromford Carinthia, Circle 33, Devon and Cornwall, Ealing Family, East London, English Churches, Family Housing Association, Focus, Guinness Housing Trust, Knightstone, Leicester, Liverpool Housing Trust, London and Quadrant, North British, North, Northern Counties, Notting Hill Housing Trust, Orbit, Paddington Churches, Peabody, Southern Housing Group, Suffolk Heritage, Swaythling Housing Society, West Berkshire and Yorkshire Metropolitan.

OBITUARY

Andrew Sansom: accountant

MR ANDREW SANSOM, 55, the secretary of the Chartered Association of Certified Accountants, who has died unexpectedly, matched his commitment to the accountancy profession only with the enormous breadth of his other interests.

It was entirely in character that he was on a visit to the ballet when he suffered a fatal heart attack on Thursday night.

Andrew Sansom brought a strong international perspective to his work with the association, which reflected his considerable overseas experience. He set strong administrative foundations for the organisation and developed its overseas and educational activities with a combination of determination and a courteous, gentlemanly style reminiscent of a venerable bishop.

He was an active member of the Church of England and his other interests included opera, ballet, gardening and amateur dramatics. Conversation in his company ranged far beyond accountancy.

He is survived by his wife and one son.

US 'workfare' offers example

Project to put jobless into work

By Ivor Owen, Parliamentary Correspondent

A SCHEME based on US workfare programmes, in which unemployed people will be paid a wage above the level of benefit to do work for the community, is to be tried by the government.

Mr Patrick McLoughlin, junior employment minister, told the Commons yesterday a pilot scheme would be conducted in the North Norfolk constituency of Mr Ralph Howell, the Conservative MP who has campaigned for the adoption of workfare in Britain for more than 20 years.

The minister emphasised that the government did not believe that the unemployed should have to work in return for their social security benefit, and that it had no plans to introduce a compulsory workfare scheme.

He suggested that the pilot scheme would help to establish whether greater flexibility could be introduced into localised facilities for the unemployed.

Mr Howell said the adoption of some form of workfare would enable unemployment benefit to be ended by providing everybody with an opportunity to earn a decent wage.

He said unemployed groups from all over the country shared his view that they would escape boredom and be better off by undertaking "caring work" – tree planting or other jobs that improved the environment or infrastructure – for a wage of £100 for a 40-hour week.

Mr Howell said youth training schemes should continue, but when they did not result in employment, no more young people should move into "the something-for-nothing society which has destroyed our whole social system".

He emphasised that his proposals would not affect disablement and other benefits. Arrangements would be needed to ensure that individuals entitled to social security payments in excess of £100 a week were not disadvantaged by whatever form of scheme was introduced.

Mr Howell urged the government to make some form of workfare scheme the "cornerstone of plans to revive the economy".

Mr Tony Lloyd,a Labour frontbench spokesman, rejected as "socially unacceptable" the creation of a society with some doing real jobs and the remainder allocated second-tier, devalued jobs. He urged full employment.

He said the government had failed to honour the guarantee that all school leavers would either be offered a job or a training place.

Slight rise in optimism recorded

By Emma Tucker, Economics Staff

OPTIMISM about the economy crept higher yesterday as share prices rose to within a few points of their all-time high and a survey suggested that fewer people felt gloomy about the economy in general.

A survey of consumer confidence by Gallup, the market research company, between November 5 and 17 found that the Autumn Statement last week appeared to have had a positive influence on people's expectations.

Pessimists continued to outweigh optimists about the general state of the economy but Gallup said there was now a greater tendency to expect an improvement than there was a month ago.

Other results were less promising. In particular, the number of people expecting unemployment to increase reached its highest ever level. Four out of five people expect unemployment to increase over the next 12 months.

The survey concluded a week of conflicting evidence on the state of the UK economy.

Better-than-expected retail sales figures and an increase in bank lending last month added to the bullish sentiment on the stock market yesterday. Other official figures this week showed that output of the economy, excluding oil and gas extraction, fell in the three months to September, dragging the recession into its ninth quarter.

A fragrance seen in any other light

Guy de Jonquieres on an inquiry into how the big perfume houses use their illusions

THE OFFICE of Fair Trading this week handed perfume manufacturers an early Christmas present of the sort every industry dreads: a searching investigation of its affairs by the Monopolies and Mergers Commission.

The MMC has the task of deciding whether the retail distribution practices of leading perfume houses are genuinely being used to enhance the image of their brands – or whether they are used to rig the market and keep prices high.

The investigation is likely to determine whether the recent trickle of perfume price-cutting by high street retailers turns into a flood. It might also have important longer-term consequences for multinational companies such as the Anglo-Dutch Unilever group, L'Oréal and LVMH of France, which own many top fragrance brands.

Perfume makers have long insisted on choosing the retail outlets they supply, to ensure their products are sold in a setting consistent with the aura of luxury cultivated by their lavish advertising and marketing campaigns.

That principle has been accepted by the European Commission, which recently negotiated selective distribution agreements with Givenchy and Yves Saint Laurent which are exempt from EC competition rules.

The agreements allow manufacturers to restrict supplies to retailers who meet their standards of display, stock-holding and customer service, provided they do not try to fix retail prices or inhibit cross-border trade.

The application of the agreements – and the operation of the industry's supply practices more generally – has been challenged by Superdrug, the cosmetics and toiletries chain, which has led an energetic campaign to bring down perfume prices.

Superdrug, part of the Kingfisher retail group, began selling a range of perfumes at discounts of up to 30 per cent at two high street outlets last year. It has since expanded sales to 15 more and wants eventually to extend the range to 200 of its 670 stores.

The company, which says normal retail margins on popular perfumes are as high as 60 per cent, has so far obtained products on the international "grey" market.

Because such supplies are scarce and prices higher than those paid by authorised retailers, Superdrug wants to buy direct from manufacturers.

The company says it is prepared to comply fully with manufacturers' standards – and has invested in special perfume counters at £20,000 a time – but the big perfume houses have given it a wide berth. Givenchy inspected one of its stores but rejected it as unsuitable.

Superdrug complains that Givenchy's assessment system is too subjective, relying on an apparently arbitrary allocation of "points" to features such as the lighting and location of sales counters and the size of nearby windows.

After a year of tireless lobbying by Superdrug, the OFT has asked the MMC to investigate whether manufacturers are applying supply restrictions fairly. The MMC will also look at the refusal by magazines to carry Superdrug advertisements for cut-price fragrances.

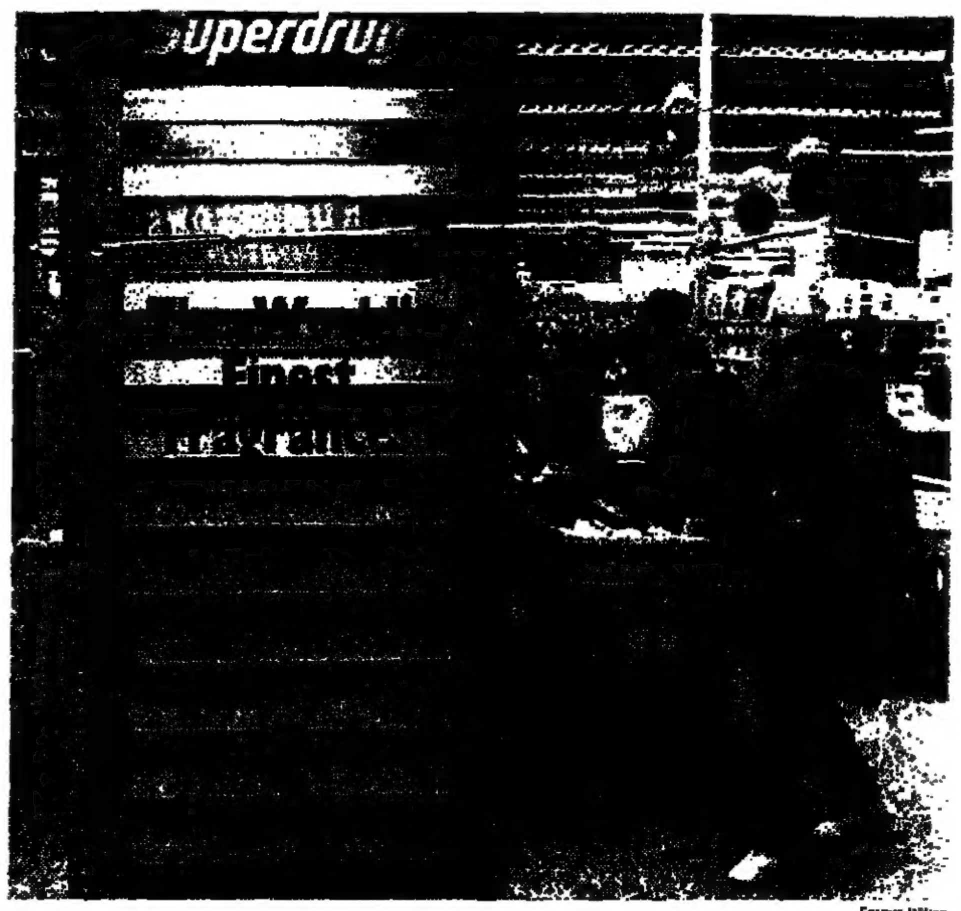
Sir Bryan Carsberg, the director general of fair trading, is concerned that supply restrictions may be being used as an indirect form of retail price maintenance and might violate EC competition rules in ways not sanctioned by Brussels' exemptions.

If the MMC found that was the case, it could make it much harder to restrict supplies to discounters. Existing authorised retailers might then face pressure to cut prices, as chains such as Boots and John Lewis have done at stores that face local discount competition.

In most markets, lower prices would be offset by increased sales. But perfume houses have always insisted that their product is different, and that high prices are essential to the illusion of exclusiveness on which their appeal depends. Discounters, they maintain, simply damage their own business by devaluing the brand.

It will not be clear how far the perfume houses should be alarmed until the MMC reports in nine months' time.

Whatever it recommends, Superdrug can at least take quiet pleasure in the extensive free publicity generated by its high-profile lobbying campaign.



Fergus Wilson

A Superdrug store advertises the cosmetics and toiletries chain's campaign to cut perfume prices

Treasury achieves £8bn target from privatisation

By Richard Waters

THE TREASURY hit its target of raising £8bn from privatisations this year with the announcement yesterday that it had sold £1.3bn of debt owed to it by BT and three power companies.

The sale followed a complex auction in which 13 privatised companies were invited to compete to buy back debt they owed the government. Outside investors were allowed to compete for the BT debt, injecting an element of outside competition into the auction.

No prices were announced for the seven tranches of debt that were eventually sold, making it difficult to assess how effective the process had been.

Baring Brothers, the merchant bank that acted for the Treasury in the sale, said that on average the debt was sold at a price 1.15 per cent higher than it had targeted.

Baring said the fact that £5.8bn of bids was received in all was also a sign that the process had been keenly competitive. Several bidders and their advisers contacted yesterday also said the bidding had been very competitive.

Seven of the privatised companies submitted offers for their own debt, with bids eventually accepted from BT (£320m), PowerGen (£150m), Scottish Hydro-Electric (£118m) and Scottish Power (£142m).

Two out of six banks that took part succeeded in buying BT debt for onward sale to investors – UBS Phillips & Drew (£229m) and Goldman Sachs (£180m).

By buying back their debt, the companies will no longer have to pay the government interest ranging from 11¼ per cent to 12¼ per cent.

Midlands report glimmer of recovery in economy

By Paul Cheeseright, Midlands Correspondent

FAINT GLIMMERS of economic recovery have appeared in the Midlands, according to the regional councils of the Confederation of British Industry.

The east Midlands council reports that delayed investment plans are being reconsidered and the west Midlands council has found an increase in export orders.

In their first meetings since the Autumn Statement, both councils were more cheerful about the immediate economic prospects than at any time for the past six months.

Mr Bob Little, chairman of the east Midlands CBI, said: "One is seeing the government start to have an economic policy." Mr Bryan Townsend, chairman of the West Midlands CBI, said: "There is cautious optimism – nobody wants to get too optimistic because it's all gone sour before."

Mentioning particularly the leisure, heating appliance and water-associated industries, Mr Little said, "There is evidence of the pulling forward of investment plans." But, for east Midlands companies, there appeared to be little evidence of growing order books.

By contrast, in the west Midlands there had been an increase in export orders over the last two to three weeks, Mr Townsend said. The increase had been foreshadowed in the recent CBI-BSL regional trend survey, which noted that much of any immediate increased export demand could be met from accumulated stocks.

There has been no such increase in orders from the home market. "I wouldn't expect that all of a sudden things would turn round," Mr Townsend said. But Mr Little implied that the best prospects on the domestic market were in the north of the UK.

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Friendly trends

STOCK MARKETS are not noted for the delicacy with which they treat depressing news, and this week was no exception to the rule. In the face of further dismal announcements of job cuts across the economy the FT-SE 100 Index rose cheerfully to within striking distance of the all-time high reached in May this year. No matter that the third-quarter GDP figures, excluding oil and gas, showed a decline of 0.3 per cent on the second quarter and a fall of 0.8 per cent on the comparable period last year. Since Black Wednesday, when Britain parted company with the ERM, the trend in equities has been inexorably upwards. And rightly so: few market turning points have been so clearly signalled by changes in government policy. Even allowing for any setback after the recent rise, it is too soon to expect the upward trend to be reversed.

It is not as if the coincidence of rising share prices and bad news is difficult to rationalise. Unemployment is a lagging indicator. Indeed, in the recession of the early 1980s, the unemployment figures did not stop rising until well after the middle of the decade, even though the economy turned the corner in early 1981. In any event there was also some modestly encouraging news around last week. The British consumer, hitherto assumed to be moribund, was seen to twitch a little, with retail sales showing a rise of 0.9 per cent in the three months to the end of October. The market also took heart from the US and European trade negotiators' potential compromise on the intractable issue of farm trade.

Inflationary risk

Nor is the news on the job front devoid of a silver lining. A depressed labour market has contributed to a decline in earnings growth over the six months to September from 7¼ per cent to 5½ per cent, while pay settlements, a forward indicator for earnings, were down to 3.9 per cent in the three months to October. That is a trend that needs to continue if the inflationary risk inherent in the recent devaluation is not to render the whole exercise nugatory. Note, though, that despite the continuing stagnation in the economy and under-utilisation of industrial capacity, productivity has started to improve, while output per head has actually been on a rising trend. The other encouraging point for the future is that inflation tends to go on falling well into an economic recovery, helped by high productivity growth as companies reap the benefit of the good housekeeping measures undertaken in the recession.

Against that background the Bank of England's latest Quarterly Bulletin argues that the impact of sterling's recent depreciation on prices will be delayed, compared with experience in previous devaluations, and may even be smaller than in the past. Coming from an institution that is not accustomed to risk its central banking credentials by belittling a potential inflationary threat, that is quite an admission. That said, worries are not confined to conditions in the labour market. In so far as investors have had second thoughts on the Autumn Statement, they simply confirm earlier thoughts that the deterioration in Britain's public finances will be giving gilt-edged investors nervous moments for the foreseeable future.

Remarkably resilient

Ultimately, equities cannot escape the backwash from turmoil in the gilts market. But for the moment that prospect looks just sufficiently distant to allow the equity party to continue. If there is a more helpful signpost to the future, it lies in the United States, where equity prices have proved remarkably resilient despite the delayed effect of monetary loosening on the economy. British investors are now confronting a steeper yield curve, with short interest rates significantly lower than long rates. This tends to enhance the attractions of securities against bank and building society deposits. Not only are professional investors adjusting their portfolio dispositions accordingly; private investors are showing interest in such new issues as Commercial Union's £100m offering of irredeemable preference shares.

If the inflationary threat to the British economy can be exaggerated, so too can the prospects for export-led growth. While the unspectacular improvement in the US economy is good news for British exporters, the slowdown in the European economy is not. Nor is the increasing preoccupation of European policymakers with fiscal expansion necessarily the best way out of a bind which has been precipitated by the combination of loose fiscal and tight monetary policies in Germany.

But nothing in continental Europe is set in concrete. This week saw Sweden finally give up its fight to shadow the ERM and the peripheral ERM currencies weaken. And despite have weathered the earlier currency storm, even the franc is not without risk. How long can France sustain such high real rates of interest against a background of rising unemployment and an impending election in the spring? The markets are not only indelicate. They have a nose for inconsistent domestic and external policy. The speculators' game is not over yet.

In Bosnia, **David White** witnesses a desperate exodus by 'displaced persons'

Stranded on the road to Split

Aid lorries and British military vehicles ploughing their way daily up the rough mountain backroads into central Bosnia meet buses struggling the other way, with optimistic signs reading "Linz" or "Vienna".

More than 1.5m Bosnians, one in three of the population, are now considered "DPs" – displaced persons – within the former territory of Yugoslavia. This is roughly the same as the population of Northern Ireland. Of these, some 800,000 are still in Bosnia-Hercegovina itself.

The UN High Commissioner for Refugees (UNHCR) puts the total of people uprooted by the Croatian and Bosnian wars at 2.1m. In addition, there are more than 550,000 ex-Yugoslavs classed as refugees in Germany, Switzerland, Sweden, Austria, Hungary and other countries.

The wanton internecine conflicts of former Yugoslavia have created the biggest dislocation of population in Europe since the second world war. This was something people said should never happen in Europe again.

This week's argument over 175 or so Bosnians expecting entry to Britain and stuck on the Austrian-Slovenian border was only an indication of the strains the exodus is likely to create in Europe. The number seeking refuge abroad could reach hundreds of thousands in the coming months. How many depends on the fighting – there are signs that it could get worse rather than better – and how severe winter is. Both these affect how much aid, even with UN military escorts, can reach stranded and displaced populations, and how far they can cope by themselves.

In some high places temperatures have already fallen as low as −20 degrees Celsius.

Local UNHCR representatives say only half the aid needed has been getting through. The only hope for transporting sufficiently large supplies is by negotiating safe conduct by main roads that are now crossed by battle lines or exposed to Serb gunfire. Convoys under British, French and Spanish military escorts all came under fire in different parts of Bosnia this week.

Most immediate of the refugee organisations' tasks is dealing with men released from prison camps. The International Committee of the Red Cross knows of 41 Serb, Moslem and Croat camps where there are some 6,500 prisoners left – about half of them at one Serb camp, Manjaca – but there are thought to be more. European countries have offered a total of 3,700 places for the detainees. Britain has proposed taking 150, with their families.

Others trying to emigrate face a series of frontier barriers, unless they have visas to another country further on. The first barrier is Croatia, which already has 340,000 Bosnian refugees to cope with. But UN officials say they have indications of a "mercenary trade" getting people out through unofficial networks, in some cases by way of Macedonia, Bulgaria and Romania.

Moslems and Croats from "ethnically cleansed" Serb-held areas pour into central Bosnia and western Hercegovina. A principal stress point is the old Ottoman town of Travnik. Once the seat of the Turkish *viziers*, it is the setting of a famous novel by Ivo Andric, the only Yugoslav ever to win a Nobel literature prize. The high school he attended has now become a Dickensian-style hostel, where the heating does not work and 40 to 50 people live to a room. Shells fall on the town almost every night.

Refugees come through Travnik, sometimes in surges, before being channelled to other centres. The Croats are more likely to find shelter with host families. At the "collective centres" 90 to 95 per cent are reckoned to be Moslems.

The Moslems – southern Slavs whose families converted during the 500 years of Ottoman rule – are categorised as such because, unlike the other main groups in former Yugoslavia, there is no substitute ethnic, national or linguistic epithet to distinguish them. They were the least ready for this war and stand to fare the worst from it.

The people stranded at the centres are peasants, modest townspeople and middle-class families. At the refugee centre in Posusje, in the Bosnian Croat heartland, where living conditions are visibly worse than at Travnik, one family said they used to have two houses and three cars.

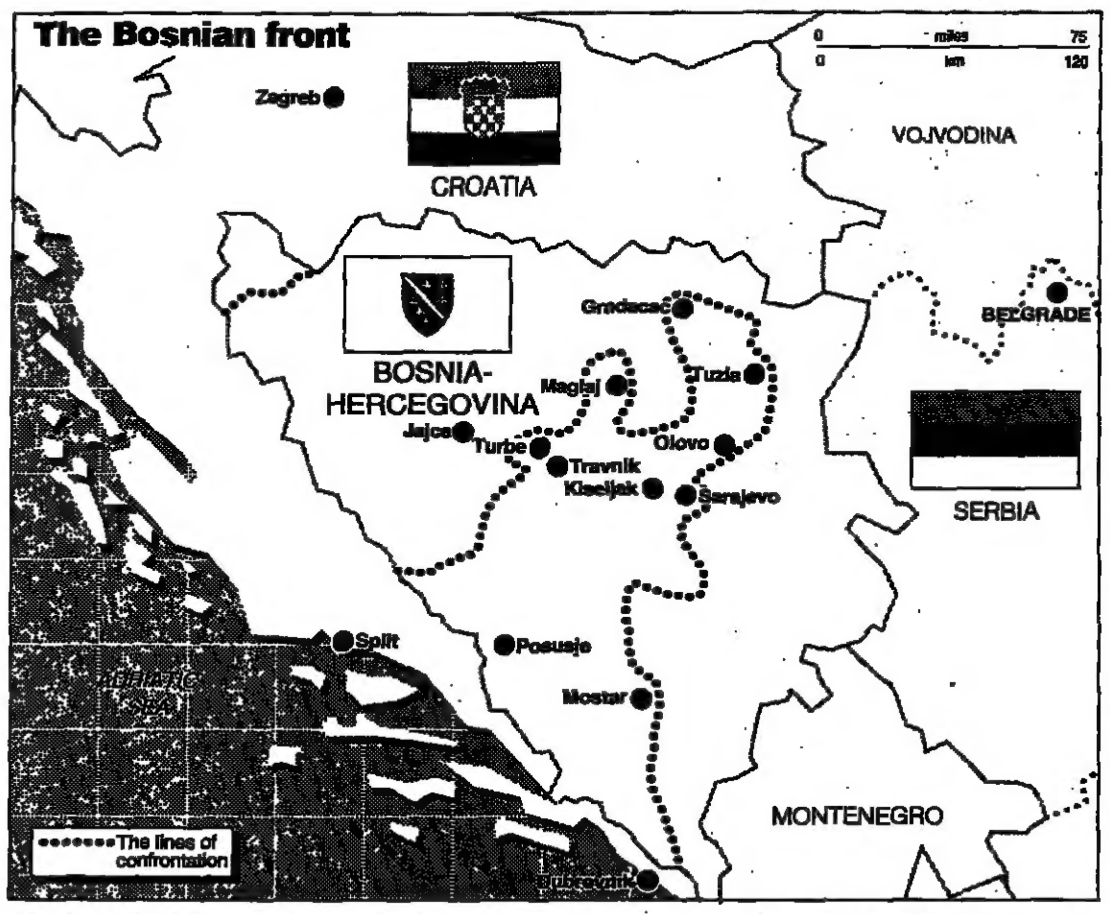
They leave their homes with what possessions they can grab. Few have money, unless they managed to keep savings abroad. In Bosnia savings have become meaningless. The banking system has collapsed. Seven different currencies are in use, depending on the part you are in. In much of the Croat/Moslem-controlled area of central Bosnia, the currency is not Bosnia-Hercegovina's own dinar but the Croatian dinar or, preferably, the D-Mark.

Aid workers say most displaced people want to remake their lives in Bosnia. But, while peace negotiators in Geneva hold to the principle that people should be able to return to their homes, many have no homes to return to. It is difficult for refugees to envisage ever rebuilding the mixed communities that existed before.

At Kiseljak, a spa town west of the Bosnian capital where the UN has established a military headquarters, two sisters had arrived from Sarajevo in a 14-bus convoy. "It's so strange not to hear shells and bullets," 14-year-old Jesenka said.

Every day for seven months they had gone to the cellar for shelter. "You are not safe in the house, not safe in the street," said Vedrana, 19, an economics student. They lived on rice, macaroni and beans. Electricity came on a few hours every week. For a month there had been no running water.

They had been allowed to take two bags each. They had left behind their parents and Vedrana's boyfriend, a member of the Croat militia. At a Serb checkpoint, they had been surprised to be classed as Moslem, because of their family name. They had been brought up to consider themselves Yugoslav. They were heading for Split, had papers to get them to Czechoslovakia and aimed eventually to make it to France. It was at least something to hope for.



No place for classic theories

A medieval kind of war is being waged in Bosnia, with this century's weapons. Over seven months it has settled into a pattern of prolonged sieges, in which towns are held in terror by seemingly casual pounding from tank guns, mortars, howitzers and rocket launchers, and local warlords ignore one ceasefire agreement after another, writes David White.

The fighting, in which Bosnian Moslems and Croats have been in loose alliance against Serb forces since independence in April, has already lasted as long as last year's war in Croatia. It is also a continuation of that war by proxy. Despite official denials, soldiers from both Croatia and the rump Yugoslav federal republic are directly involved.

Bosnia's Croats were much more prepared than the Moslems to face attack by the Serbs, and had managed to stockpile some arms.

The Serb militia has taken 70 per cent of the territory, reducing so-called "free" Bosnia to a gradually shrinking core, with a few isolated patches north-west and east, and with the capital, Sarajevo, under permanent siege. Across the north of the country the Serbs have established a corridor linking Serbia itself to the Serb stronghold region of Croatia, the Krajina.

An apparent tacit agreement about the limits of Serb territorial claims is now in question. The front line passes around Turbe, a deserted small town, prey to Serb gunners, just west of Travnik. There Filip Filipovic, former general manager of a nearby ironworks, was commanding the local Croat HVO militia from a barricaded headquarters. He glumly described how Serb forces had concentrated there since the overrunning of the besieged town of Jajce, further to the west, three weeks ago. "It seems their appetite is growing," he said.

Croat forces have mounted recent offensives in the south, pushing east of Mostar to try to secure territory behind the thin coastal strip of Croatia where Dubrovnik is. They have also managed temporarily to cut off the Serbs' northern corridor, at one point only a few miles wide. There are some signs that the Serbs could now try to slice through the northern salients of Moslem and Croat-held territory along an axis from Maglaj to Olovo.

What is puzzling is that the Serbs, with their military tradition and ostensibly with all the advantages, have not been achieving greater success. They have more artillery and more ammunition, and their senior officers from the former Yugoslav national army are immersed in Soviet-style training.

But this schooling in high-tempo warfare is of little application in Bosnia. The mountains are no place for the classic theories of armoured battle. The top level evidently has difficulty controlling local commanders, and Serb forces are stretched out over a long front. On the other hand, they have little difficulty protecting their hilltop gun positions and pursuing sporadic shelling of towns and link roads. They are believed to be using helicopters to bring up ammunition, in breach of the ban on military flying. High-flying Nato Awacs aircraft deployed for the UN cannot always detect them.

The forces on the other side eye with envy and some wonderment the military hardware being deployed by British, French and other UN troops to protect aid supplies. But many Croat and Moslem militiamen carry new weapons. Small arms and ammunition are known to have been arriving through the Croatian port of Ploce, and possibly also in consignments of Islamic aid coming through Split.

Motley foreigners have also joined Croat and Moslem ranks. The village of Mehurici near Travnik, said to be packed with *mujahedin* from various Islamic countries, is now out-of-bounds for journalists. "Don't even try," a local commander said. In Travnik itself I approached three men in uniform who had been talking among themselves in German. "*Sprechen Sie Deutsch?*" I ventured. "*Nein*," was the reply.

In places, the mood is close to defeatism. Outside one town, defended jointly by Moslems and Croats, more than 40 military trucks and coaches were concealed, waiting for the evacuation. This is a war in which the targets are mostly civilian.

MAN IN THE NEWS: ***Andrew Buxton***

A case of double vision

The man born to be chairman of Barclays is facing unrest in his realm.

Andrew Buxton is scion of one of the families which has held the reins at Britain's biggest bank for a century. At the beginning of May, a month after his 53rd birthday, this private family man – described by friends as "unflappable" and "unflamboyant" – became its chief executive. He is scheduled to become chairman in January.

Some Barclays' shareholders – already disappointed by the scale of losses the bank faces on imprudent company loans – have become unhappy at the prospect of so much power being concentrated in one person's hands. For the first time, Mr Buxton this week acknowledged the unrest.

He made a concession which he hopes will pacify them. Though he still plans to take the chairmanship, he said his dual role would "be kept under review" by the board. If a different sharing of management responsibilities seemed necessary, he would give up one or other post.

The statement does not appear, however, to have reduced pressure on him. Shareholders said they were in no mind to drop the issue.

Mr Buxton and the Barclays' board accept that combining the two roles runs counter to the consensus on best management practice, as enshrined in the report of Sir Adrian Cadbury's committee on corporate governance. However, Mr Buxton argues that other directors, notably Sir Peter Middleton, the former Treasury permanent secretary who is a deputy chairman of Barclays, act as a counterbalance.

His views are echoed by Sir Martin Jacomb, another Barclays' deputy chairman and an influential board member: "The board is completely satisfied that the checks and balances [in the management structure] that Cadbury wanted are there," Sir Martin said.

But Mr Buxton must make a special effort to show shareholders that Barclays is adopting best management practices, because he has on occasion faced the slur – which colleagues say is unfair – that his rise owed something to his membership of the "Barclays families", as they are known in the bank.

These are a number of inter-married clans which owned local banks in the 18th and 19th centuries. The banks were merged in the 1890s to form Barclays, but the families continued to occupy senior positions on the bank's regional boards.

In the past century, only two chairmen, including Sir John Quinton, the present incumbent, have been drawn from outside the families' ranks. As recently as the mid-1980s, about a quarter of the main board directors were connected to the families (though there are now only two family members on a board of 21).

Mr Buxton said before he joined the bank he was never particularly aware of his family connection with Barclays. However, the Buxtons, an East Anglian family, were closely involved in the private Overend Gurney Bank, which was absorbed by Barclays.

He joined the bank in 1963 – after reading philosophy, politics and economics at Pembroke College, Oxford, and completing national service in the Grenadier Guards – largely because of the encouragement of his step-father, Mr Alexander Grant, a local Barclays director.

Mr Buxton's first job was as a clerk in a branch – since buried beneath a roundabout – in west London's Holland Park. He then rose steadily. He had first-hand experience of the 1973-74 recession as head of a special team set up to work with companies, especially property businesses, which faced financial difficulties.

His rise accelerated in the 1980s. In quick succession, he became general manager for East Anglia and the east Midlands, then head of a new corporate banking division. In 1987 he temporarily acted as chief executive of Barclays de Zoete Wedd, the investment banking subsidiary which Mr Buxton helped to set up. In May 1988, he became group managing director.

"My progress in the bank has always surprised me," he said yesterday from Riyadh, where he is visiting the bank's Middle Eastern clients. "I would not like to think of myself as ambitious."

In the spring, he was chosen to become both chairman and chief executive by a sub-committee of the Barclays' board which was considering who was to succeed Sir John.

Directors have rather different recollections of the sequence of events. There is, however, a consensus that there was not a coup to oust Sir John. On the other hand, although Sir John was probably content to retire next year, he is believed to have been disappointed that he was asked to give up his executive duties to Mr Buxton in May this year.

Sir John may have found it galling to go at the nadir of the bank's fortunes. Analysts believe Barclays may make its first loss this year.

A Barclays' director said the board was overwhelmingly convinced that the time had come for new blood at the top, because the bank faced different challenges from those Sir John confronted when he became chairman in 1987.

Mr Buxton has to reshape the bank so that it can cope with the aftermath of the lending explosion of the 1980s and the slow economic growth expected in the coming few years. That means cutting costs and withdrawing from business earning a low return.

Though the board might have preferred to split the roles of chairman and chief executive, it did not see how this could be done. There was no one inside the bank, apart from Mr Buxton, qualified to be chief executive, according to one director.

But, he added, the board was also reluctant to break a Barclays' tradition by appointing a non-banker as chairman – Sir Peter Middleton was not thought experienced enough.

The board hopes that in time a natural candidate for the post of chief executive will emerge from inside the bank to take Mr Buxton's executive duties. It does not want to ask Mr Buxton to revert to the sole position of chief executive for fear of alienating him.

As for Mr Buxton, he said that if the board decided there should be another chairman, "I would accept it". But he added: "I would feel a sense of disappointment."

Robert Peston

The wealth cascade runs dry

Britain's inheritors may receive bills rather than property, say **John Authers** and **Philip Coggan**

When Mr Nigel (now Lord) Lawson was chancellor he had a vision of a nation of inheritors. "Inheritance, which used to be the preserve of the few, will become a fact of life for the many," he said in 1988. But that prospect is fading in the recessionary climate of the early 1990s, as the value of estates falls and more resources are devoted to caring for Britain's ageing population.

The idea was beguilingly simple. The owner-occupiers of the post-war generation would gradually die out. They would pass on, via their estates, the wealth built up in their houses. For their children, this would represent additional resources, since most would already own their own homes.

The result would be the revival of the rentier class, living off the income from its investments, just like P G Wodehouse's hero, Bertie Wooster. John Major was impressed by the notion, telling last year's Conservative party conference that he wanted to see "wealth cascading down the generations".

Whether this was consistent with his vision of a "classless society" is debatable. Sir Peregrine Worsthorne, the Sunday Telegraph columnist was explicit about the prospects in an editorial in 1988. He wrote: "Hundreds of thousands of middle-class families are going to be able to leave their children loads of money, if only in the form of one [or in many cases two] houses... The tide of egalitarianism, which has been sweeping all before it for 100 years, is about to be decisively reversed."

How strong was the evidence for such hopes? Total wealth passed directly from one generation to another in 1990-91 was £8.1bn, according to Mintel, the market research company, a figure projected to rise to

£13bn by 2000.

According to Mintel, 20 per cent of Britons inherit money between their mid-40s and 50s, and 9 per cent are left a house or flat. An NOP survey shows that 67 per cent of all property inheritors are aged 40 or over, when most will have a house and may be well on the way to repaying their mortgages.

This inheritance is highly concentrated. The average value of inheritances between 1985 and 1989 was £29,730, according to the Joseph Rowntree Foundation, the social research organisation. But this average was boosted by a few large estates; the median figure was just £10,000.

The value of inheritances in heirs' pockets was raised by 13 years of Conservative government which looked kindly on inherited wealth. Inheritances have never been taxed more leniently. No inheritance tax is payable at all on estates of less than £150,000, while a competent accountant can exploit loopholes to avoid paying any tax on estates much larger than this. One accountant even described inheritance taxes "voluntary".

Whether the idea of an "inheritance dividend" for the middle-aged middle classes ever filtered into the public consciousness is uncertain. Perhaps the notion contributed to the general feeling of prosperity, and thus the rapid increase in consumer spending, of the late 1980s.

But the theory that Britain was heading towards a society of inheritors is now being questioned, and its premises may never have been watertight: It was never likely that Britons, as a whole, could become more wealthy simply by buying and selling each other's houses.

One of the planks on which the theory rested, the rapidly increasing values of domestic properties during the 1980s, appears to have rotted away. The UK is suffering its fourth successive year of falling real house prices – reducing the value of estates.

Demographic change has cancelled out even more of the potential benefit for the current middle-aged generation. Indeed, the mass of elderly could soon be a burden on their children, not a benefit to them. And that would turn the "inheritance society" theory on its head.

According to some actuarial estimates, the number of people aged over 75 could rise from 3.9m in 1991 to between 5.1m and 9.2m by 2031. This has significant implications for the UK economy, as a smaller workforce struggles to support a greater dependent population.

When people live longer, they tend to need long-term care. And that costs money. According to Mr Dryden Gilling-Smith, managing director of Employee Benefit Services, the needs of the "old old" (those aged over 85) tend to be labour-intensive, as they become less and less independent.

Mr William Laing, of consultancy Laing & Buisson, believes that the burden on the nation will increase rapidly. In the next 10 years, he forecasts that the total cost of financing long-term care in the UK will rise by 17 per cent in real terms from the current annual level of £9bn.

By the year 2050, when long-term care spending should peak as the children of baby-boomers reach their old age, he predicts the real cost of long-term care will be 70 per cent greater than it is today. In other words, expenditure on care for the elderly will rise from 2 per cent of gross domestic product today to about 4 per cent in the next half century.

Britain's tax and benefit system does nothing to protect estates from these high costs. Income support is only available to pay for long-term care when an individual's total assets are less than £8,000. So there is effectively no state help for those who still own their houses (although certain exemptions exist where there are resident carers or relatives).

Research by the Family Policy Studies Centre suggests that the costs of care could even wipe out the value of some inheritances. The sum raised by selling an average house, which the FPSC puts at about £66,000, would not be sufficient to pay for more than five years in a nursing home, or for more than eight years in private residential care without nursing.

Once this money has run out the income support available from the government falls seriously short of the average costs incurred by people in long-term care. This shortfall has been estimated, by Francis McGlone of the FPSC, at between £27 and £44 a week.

In a recent report*, Mr Chris Hamnett, visiting senior research fellow of Nuffield College, Oxford, cites inland revenue statistics which show the number of homes passed on at death has been relatively constant over the past 20 years. "Above all," says the Hamnett report, "older homeowners are increasingly selling or transferring ownership of their houses prior to death. They are doing this either to pay for residential and nursing care, or to provide additional income in old age."

This only serves to force house prices down further and squeeze out any wealth effect from the economy.

According to Mr Hamnett's calculations, between 120,000 and 190,000 people enter care homes each year. Nearly half of them own their own homes. About two-thirds of these need to sell their houses to pay for the care. Mr Hamnett estimates that these houses fetch about £2.5bn a year.

Far from funding a new leisure-class spending boom, the nation's accumulated wealth is currently being used to come to the rescue of escalating care bills for the elderly. In the process it is forcing down the property market. There may come a point where the wealth runs out.

So the rentier class may have to stay within the fictional confines of P G Wodehouse's comedies. Nursing home bills, rather than wealth, could cascade down the generations.

**Inheritance in Britain; the Disappearing Billions, published by PPP Lifetime.*

School league tables reveal a widening gap in English education, writes **Andrew Adonis**

A division lesson in the classroom

One message comes loud and clear from this week's school league tables published by the government: England is still two nations.

When Disraeli coined that phrase in the middle of the last century, he was referring to the rich and the poor. Now the gap is between the educated and the uneducated. The gulf between them is as great as the chasm separating the classes in the Victorian era.

Consider the central-south London borough of Southwark. The league table for the borough includes three independent schools: in all three, between 82 and 97 per cent of the 15 to 16-year-old pupils this year achieved five or more good GCSE passes (grades A, B or C). Virtually all are going on to take A-levels, and the great majority will proceed to university – a fair proportion to Oxbridge.

By contrast, in not a single state school in Southwark did more than 34 per cent of the pupils gain five good passes. Across the whole of Southwark's state sector, excluding special schools, only one in six 15 to 16-year-olds gained five good passes. It would be surprising if more than one in 10 makes it to university.

There lie the two nations. Attending schools often a stone's throw apart, their career paths will never meet and their salary and lifestyle expectations are at polar extremes. It is the same in most other English cities.

Educationalists and sociologists will tell you those two nations are none other than Disraeli's rich and poor revisited. For the most part they are hostile to the private education sector, and argue that the state sector is woefully underfunded. In general they are also opposed to selective admission policies, to the publication of what they term "raw" exam results, and to state funds being used to give children from deprived backgrounds the same opportunities to opt out of the state sector that are available to the upwardly mobile.

As one distinguished University of London professor put it in yesterday's press: "There are damned lies and government league tables", and where schools are under-performing, "inspectors and advisers are a better way of supporting [them] than market forces".

The political right will have none of that. It wants the market to play a greater role, or at least what analysts are coming to term the "quasi market" of extending choice and diversity within the public sector. As to financial support, it points to the poor performance of inner London schools despite their relatively generous state funding.

Arguments over resources could keep the controversy going single-handed. Secondary schools in Southwark will this year have about £2,200 per pupil to spend; include services such as special needs schooling and the figure rises

> 'If we had to take our fees down to Southwark's level of funding, we would have to lay off staff'

to about £3,300. Dulwich College, the borough's top private school, charges fees for day students of £5,700 a year.

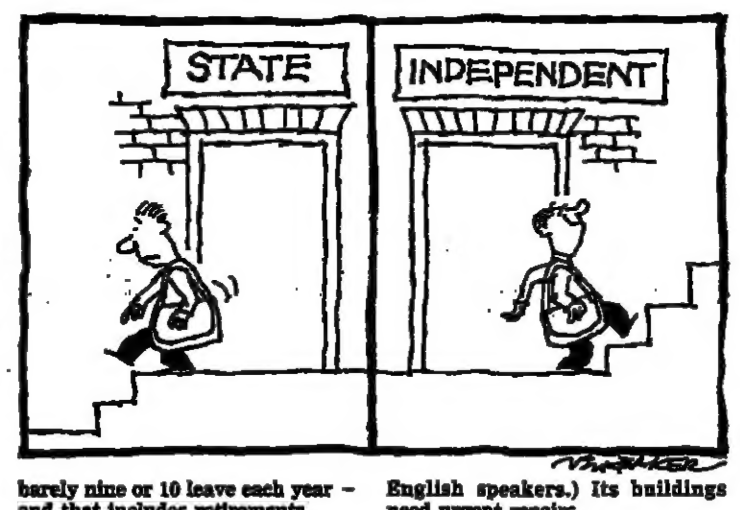
The "two nations" thesis embraces not only the children who go to school, and their parents, but the teachers and staff who have responsibility for their welfare when at school.

The contrast between the teaching life at Dulwich and the typical inner London comprehensive is so stark, you might as well class them as separate careers. In fact, they largely are, since the interchange of staff across the divide is minimal, and they recruit from largely separate pools.

Nearly 60 per cent of Dulwich's staff are Oxbridge educated, and many hold doctorates. Salaries are distinctly higher than in the state sector. With nearly 200 A-level candidates a year, teachers have an ample and appreciative audience. The pupil:teacher ratio is about 12:1.

"That, more than anything is what parents are paying for," says Mr Anthony Verity, Dulwich's headmaster. "If we had to take our fees down to Southwark's level of funding, we would have to lay off a lot of staff and reduce pay."

It is not, however, just pay – or even the subsidised housing and staff crèche – that attract staff to the school. "It's the whole ambiance. The beautiful grounds, the relative absence of discipline problems, and so on. There's no 'knock-off-at-five' mentality. Success and confidence breed confidence," says Mr Verity. Of Dulwich's 120 staff,



barely nine or 10 leave each year – and that includes retirements.

Move the few miles to Morpeth School, a comprehensive in Bethnal Green, and it is a different story. The school has no sixth form. Not atypically for a Tower Hamlets School, one in three of its pupils does not have English as his or her first language. (In four of the borough's schools, more than 80 per cent of the pupils are not native English speakers.) Its buildings need urgent repairs.

More than half of Morpeth's pupils gained five GCSEs this year, but the number gaining grades A-C was far smaller.

Mr Alasdair MacDonald, the headmaster, talks of the problems he faces: "Of our last year's intake of 11-year-olds only 97 of our 200 pupils were fluent in English. The strain on the staff cannot be overestimated."

The staff turnover is not unduly high – about 10 out of 70 staff leave each year. "But many of our staff have to play the role of parent as much as that of teacher. We work hard to build up trust among the parents, but it's a tough job."

Like all schools in the area, Morpeth has to struggle against absenteeism, and parents who take little interest in the education of their children. For Mr MacDonald it means a fair amount of time with education social workers, and continuous efforts to maintain staff morale. "With persistent truants, we write, we visit, we telephone, but many of the parents themselves have their hands full."

One of the worst problems, he says, is the feeling among teachers that the government does not care. "Teachers have been persistently undervalued by the government – and are too often seen as an obstruction," he says. In his view, it is not just, or even mainly, salaries that are the problem, but the perception that ministers and officials do not understand Morpeth's difficulties.

Here, too, we are back to the two nations. Not just the educated and the uneducated, but the government and the teachers. Nothing could bode worse for the prospects of tackling the education problems facing England's inner cities in the post-league table world.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Regulation of share options

From Ms Carol Arrowsmith.

Sir, The tenor of Michael Cranna and John Samuels' article on executive share options ("Omissions on options", November 18) paints a lurid picture of an unregulated area, populated by rapacious executives and inattentive investors. The reality is different.

For example, equity dilution under share schemes is strictly limited by institutional shareholders' guidelines which have been in place. Discounted options are also already regulated by institutional guidelines which impose demanding performance conditions on their exercise and limit the number of discounted options *an individual can receive*. Finally, the practice of replacing voluntarily lapsed options with new options is subject to detailed regulation by shareholders, and in fact is a fairly rare occurrence.

It is certainly true that the disclosure of share option details in most companies' annual reports is insufficient to calculate individual directors' remuneration, and that there is room for debate on the nature of the executive option benefit. But it is important the debate takes place in an informed atmosphere, and focuses on the practice of the vast majority of companies, rather than the small minority where misuse takes place.

Carol Arrowsmith,
managing director,
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A clear lead from government that would help rural areas

From Mr R H M Symons.

Sir, With reference to the letter from David Grayson, of Business in the Community (November 17), City Challenge has indeed given a new opportunity to the inner cities through harnessing individual and specific networks that exist in these areas.

Rural areas also have severe problems, causing, among other things, the drift of the young to the urban areas. Villages have suffered from poorly planned development, an increase in numbers of commuters and retired residents, and a decline in agricultural employment. These changes threaten the way of life and structure of the countryside.

In Dorset, we are particularly aware of these problems as they are exacerbated by cutbacks in defence expenditure. We are already working in partnership with the local authorities and the Rural Development Commission on initiatives to help rural Dorset.

We believe that where the City Challenge, with a clear central lead from government, has helped urban areas, a similar lead should be given to a Rural Challenge.

We are already developing this idea with our colleagues from the Rural Development Commission in order to present a model programme for government consideration, and we are encouraged by the extent of the interest.

R H M Symons,
chairman,
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Minimum lending rate that hits small businesses

From Mr Clive S Davis.

Sir, Following last week's 1 per cent reduction in base rates I have read with interest the chancellor's exhortations to banks and building societies to pass on to borrowers the full amount of the reduction.

Two weeks ago (with base rate at 8 per cent) I renewed my firm's modest overdraft facility and obtained a 1 per cent reduction in the rate charged "over base". Knowing that base rates would be coming down further over the next six to nine months, I pointed out to my bank manager that I did not wish a minimum rate to be applied to the arrangement. The manager had forgotten about minimum lending rates but confirmed that they still applied. This week I received the written confirmation of the facility with a minimum rate of 12 per cent equating to the "x" over base just negotiated. At a stroke the bank has increased its margin by 1 per cent. To add insult to injury there is, of course, the arrangement fee of 1.5 per cent of the facility.

It seems most small business – and also private – loans linked to base rate have pre-set minimum rates. Result? Borrowing costs remain constant – bank margins improve measurably.

I wonder whether small business owners generally – and, more importantly, the chancellor – realise this.

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managing director,
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Touchable and untouchable

From Parviz Dabir-Alai.

Sir, Tony Jackson finds it "increasingly difficult to unscramble" the output of services from those of manufacturing ("The incredible shrinking industrial base", November 16). I offer him a simple rule: if you can touch it then it is almost certainly manufactured; if you cannot, it is a service.

This works with all of his examples: financial services provided by General Motors and by the City of London, GM's cars, the City of London's need for computers etc. On the more substantive point that services cannot replace manufacturing, well, that argument in untouchable.

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Fund roads and rail track alike

From Mr I R Bloor.

Sir, The conflict of interests over the Heathrow Express project, as you correctly stated in your leading article, "A rail link for Heathrow" (November 17), does indeed go to the heart of the issue of whether private train operators can make a commercial return while paying a full economic price for the use of the railway track.

However, an alternative solution is available to that of increasing the charges upon road users to obtain a better balance between the pricing of road and rail facilities. Like roads, railway track and other infrastructure have the characteristics of public goods in that, up to the point of full capacity, their usage by one person or service does not preclude usage by others.

Thus the railway infrastructure, like the roads, could be provided by the state with users paying a proportion of the costs on an analogous basis to the vehicle licence, but at a rate which would enable commercial operators to make a commercial return as in the case of road hauliers and bus operators.

The country would thus be able to experience the alleged benefits of a competitive environment for rail services at a net cost to the government not necessarily different from that which is currently paid in support of British Rail.

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Sugar says offer is 'best shareholders will get'

By Michiyo Nakamoto and Paul Taylor

INSTITUTIONAL investors in Amstrad said yesterday they were still studying Mr Sugar's offer to buy back their shares at 30p per share, but several said they were unlikely to join disgruntled private shareholders who are opposing the deal.

Meanwhile Mr Sugar vigorously defended his 30p-a-share buy-back offer saying that it was "the best shareholders would get."

A group of private shareholders who are unhappy with Mr Sugar's offer has appealed for institutional investors' support in attempting to block the offer.

The general view among institutional investors, however, is that although the offer by Mr Sugar was not necessarily an attractive one, few alternatives exist and those that do, involve considerable risk that they are unwilling to take.

One institutional investor summed up the view in saying that "we don't like 30p but it is not at all clear to us that we can do any better."

The consumer electronics business was not an area most of them felt they could judge with confidence. "If we had confidence in the business we'd do something about it. But you've little choice as a minority shareholder in a business you know little about," one institutional investor said.

"If the gap between the offer and what you thought the company was worth were large enough it may be worth trying to get more out of it," but in Amstrad's case the risks of doing so were probably not worth it, he said.

"Our position is one of resigned acceptance," said another institutional investor.

However, some institutional investors said that they were still considering the alternatives in the light of the changing scenario.

Mr Sugar said yesterday that he felt "very frustrated" that some shareholders and commentators had criticised the offer and emphasised "no one is trying to pull the wool over anyone's eyes."

He drew attention to the fact that if his bid succeeds he has promised to use "up to £50m" of his own assets to provide collateral for the working capital a slimmed down Amstrad will need. On his bid he said "I have offered 30p, and if it is turned down, I feel that I have morally done my job." He pointed out that since he first mooted his buy-back proposal "no one has come along with a better offer."

"I cannot find anybody to buy my shares because everyone says Amstrad is Alan Sugar," he said. But if someone offered 31p per share he said he would sell his 205m shares, provided the offer was made to all shareholders.

He rejected suggestions that Amstrad should pay out its £82.7m balance sheet cash in the form of a special dividend. He said Amstrad's "core" cash, excluding seasonal fluctuations, was about £60m, equivalent to just 7.7p a share after Advanced Corporation Tax is paid.

He warned that if his bid is not approved it would still be necessary to drastically "shrink" the company, and he said he was the best person to undertake the task.

NHL losses hit £146m but decrease predicted

By John Gapper, Banking Correspondent

NATIONAL HOME Loans, the centralised mortgage lender whose debt was restructured this year after it came close to collapse, yesterday declared increased pre-tax losses for the year to September 30 of £146.4m, against £47.5m.

"We are still alive," said Mr Jonathan Perry, the group's executive chairman who took over in February. He predicted a "significantly reduced loss" for the current year and a future return to profitability.

The group made provisions to cover loan losses of £138.5m (£32.7m). It has been trying to restore earnings by improving payments on mortgages, and has cut the number of accounts in arrears by three months or more to 6,130 (7,564).

Net assets at the year end were cut to £11.2m (£157.5m). NHL received £219.5m (£235.8m) in interest payments while paying £209.1m (£288.5m) interest on borrowings.

Losses per ordinary share were 141.9p (50.3p). Shares yesterday fell 20 per cent in value from 3¾p to 3p, and were trading on a wide spread.

The results, and the elimination of distributable reserves, led to it making no dividend payment on ordinary shares, and passing payment on convertible preference shares.

In a lengthy chairman's statement, Mr Perry said 36.9 per cent of group losses were attributable to the National Mortgage Bank (NMB) subsidiary. The bank is running down its business, and will not require further investment.

The group holds loan notes of £283.7m (£326m), and bank loans and other borrowings of £1.085bn (£1.54bn). Mr Perry said the task of restoring value to shareholders was "a significant challenge".

He said the group continued to derive considerable income from £2.2bn of mortgage assets held by securitised vehicle companies, most of which were off balance sheet. These were "a key component" of future income and value.

The gross mortgage assets under management on September 30 – excluding NMB – fell to £2.82bn compared to £3.1bn a year earlier. The cut mainly resulted from redemptions of mortgages and sales of repossessed properties.

Debt level leaves Evode unstuck

Roland Rudd on the reasons behind Wassall's hostile offer

OVER the next few weeks Mr Christopher Miller, chief executive at Wassall said he would repeatedly ask Evode how it planned to finance itself if it remains independent.

Wassall, the mini-conglomerate run by former Hanson executives who have launched a £94.3m hostile bid for Evode, is likely to highlight the chemical and plastics group rise in net debt when it publishes its offer document, expected early next week.

According to the conglomerate's financial adviser the document is likely to underline Evode's net indebtedness which is estimated to be about £62m, including the $43m (£28m) in US redeemable preference shares.

Mr Andrew Simon, chairman of Evode, has said its borrowing facilities were sufficient for its needs. The group's financial adviser said it would not comment further until it sees Wassall's offer document.

Trevor Humphries

Christopher Miller: wants to expand the businesses

However, the weakness of Evode's balance sheet, stretched by borrowings to fuel acquisitions, was one of the reasons that Wassall launched its £94.3m hostile bid.

Wassall is one of the few companies content to be labelled as a conglomerate and Mr Miller was loath to justify a purchase on the grounds of product synergy.

Wassall was no stranger to a number of Evode's businesses, such as adhesives, sealants and plastics. DAP, a US supplier of construction products and filling compounds, bought by Wassall last year, boasts similar products.

But the fact that Mr Miller knew something about adhesives was not the reason for the bid.

Wassall wanted it for the same reasons that it bought into office furniture, luggage, bottle-tops and construction products and filling compounds. It believed it had found a low-tech manufacturing business, which was under-managed with low margins.

Evode's margins were around 5 per cent, similar to the those Wassall inherited at DAP and Metal Closures Group. It managed to almost double them at both businesses.

Mr Mark Cussack, conglomerate analyst at Barclays de Zoete Wedd, believed Evode was a classic vulnerable target. It was under-performing in much the same way as Wassall's previous targets.

"In spite of good underlying businesses Evode is underperforming in operational terms, he said. "It is financially overstretched with effective gearing of 200 per cent and little shareholder loyalty, having cut last year's dividend by more than 40 per cent."

Mr Miller did not pretend to be an expert in plastics any more than he pretended to know much about bottle-tops when Wassall launched its successful hostile bid for Metal Closures in 1990. "What I do know about is strategy," he said.

Plant closures, cutting the workforce and a reduction in product ranges have been some of the tools used by Wassall to boost margins.

However, Mr Miller is adamant that Wassall wants control of Evode not just to streamline the production process but to expand the businesses.

Wassall has earmarked £20m of capital expenditure over the next two years to replace old machinery, open a new warehouse and expand DAP's DIY sheds.

Evode's capital expenditure was running at £1.8m for the half year to March 28 compared with £9.4m for the end of its last financial year. Mr Miller says he would expect to reverse that trend if Wassall wins its takeover battle.

Harland core division subject of buy-out bid from ex-chief

By Angus Foster

MR ROY ASHMAN, former chairman of Harland Simon, the controls company placed in receivership by its banks last month, is negotiating a management buy-out of a remaining Harland core division.

Mr Ashman, who resigned in February, has joined with two former executive directors and a leading venture capital company to bid for the control systems division.

The bid is being considered by Touche Ross, administrative receivers, and a decision is expected next week.

Mr Ashman's return would be highly controversial. He is widely blamed by Harland's institutional shareholders for the company's collapse.

Mr Ashman resigned following Harland's issue of a profits warning only days after he had assured institutions trading was sound. Harland had been expected to make profits of about £12.5m in the year to 31 March. It later announced pre-tax losses of £6.3m.

Harland went into receivership seven months after Mr Ashman's departure. He was paid £360,000 for loss of office and a further £960,000 from Harland's small pension fund.

The company's downfall was largely due to a loss of confidence among its bankers and customers because of two ventures for which Mr Ashman was blamed. These were Perfect Information, a loss-making database service, and Contraves, acquired with substantial liabilities last year.

Several institutional shareholders expressed concern about Mr Ashman's attempt to buy back part of the company. "It would be outrageous for someone largely responsible for the collapse in shareholder value to buy back assets on the cheap," one said.

Harland's shares stood at 585p before the profits warning, but collapsed to 20p before suspension on the Stock Exchange in September, after Barclays, Harland's main banker, cut the company's working capital facilities.

Touche Ross announced yesterday that Harland Crosfield, the Harland subsidiary involved in printing controls, has been sold to Dobson Park Industries for £2.3m. Crosfield's UK and overseas businesses had unaudited net assets of £5.4m and profits in the year to March 31 of £400,000 on turnover of £10.8m.

Other than the control systems division, only certain small subsidiaries – including Contraves – remain unsold.

Caird shares hit by warning

By Richard Gourlay

SHARES in Caird Group almost halved to 17p after the waste management company issued a warning about profits and said it would not pay a final dividend.

Mr John Ashton, chairman, said the City had been expecting pre-tax profits for the year to be above £6.9m but that Caird would only make £4.5m.

The group would still pay the interim and preference dividends and would look at the ordinary payments again next year.

Mr Ashton said the decline in profits was due to new sites coming onstream more slowly than expected and falls in the price of landfill of up to 50 per cent in certain areas.

The slide in the ordinary shares from 33p was accompanied by a 15p fall to 51p in the 7 per cent convertible preference shares.

"We have a highly geared effect," said Mr Ashton. "The preference shares are taking the first £2.5m of post-tax earnings which is not helping earnings per share and the ordinary shares."

"We are going to have to batten down and run the business for cash," he said.

Yesterday's profits warning is the latest in a long line of surprises that Caird has sprung on the City since Mr Peter Linacre, chief executive and a former stockbroker, began transforming the sleepy property company in 1987.

In October 1989, it raised £34.5m in the form of convertible preference shares. While the proceeds enhanced earnings per share by repaying debt that was costing 16 per cent, these shares have become an increasing burden now that profits growth has run into a wall.

A year after the rights issue Caird's market value fell 44 per cent as Caird reported pre-tax profits of £5.4m, some £3m lower than previously expected for the year to June 1990.

Three weeks later Severn Trent, the then recently privatised water company, launched a £78m bid for Caird.

Mr Linacre escaped Severn Trent's clutches by deploying the unusual defence of refusing to confirm a profits forecast made before the bid. Severn Trent lapsed its bid.

Mr Ashton said Caird's current problems stemmed partly from changes in the waste disposal site licensing laws which come into effect next April as part of the 1990 Environment Protection Act.

Before March 31, operators of landfill sites are free to relinquish their licences and avoid environmental liabilities that should subsequently emerge. According to Mr Ashton, less scrupulous operators "are filling their sites like mad and undermining the price structure."

National Grid shares will not be floated

By Michael Smith

THE 12 regional electricity companies (RECs), which own the National Grid, yesterday decided against selling shares in the company.

National Grid Holdings, which is made up of representatives from the 12, said in a brief statement that after extensive board discussion it had decided listing the shares would be inappropriate.

A flotation had been under consideration for several months. Some of the RECs had been pressing strongly for it, though the uncertainty surrounding the industry during the pit closures review had made an immediate move unlikely.

Many shareholders will nonetheless be disappointed. Mr Chris Rowland, electricity analyst for Barclays de Zoete Wedd, said he would be very disappointed if a listing had been ruled out on principle.

The RECs would be passing up the opportunity to add value of about 80p per share, he said. As a result some shareholders would sell their holdings earlier than they would otherwise have done, he maintained.

The 12 companies each control between 5.5 and 12.5 per cent of the National Grid Company's shares. Supporters of a flotation say it would release funds for distribution to shareholders.

Opponents say it would antagonise politicians and the electricity industry regulator.

BET poised for 44% downturn

By Richard Gourlay

BET is likely to report interim profits down 44 per cent at £40m when it reports on Monday, as the business services group continues to suffer from the lack of turnround in the economy.

The pre-tax profits fall from £71.5m in the corresponding period last year is likely to include about £14m of exceptional provisions to cover an increase in the number of disposals.

The City is expecting the full year dividend to be maintained after last year's cut.

However in order for BET to maintain its practice of paying two thirds of the dividend at the full year, the interim dividend is likely to be halved.

City observers are most interested in the progress of a disposal programme that Mr John Clark, chief executive, has flagged as a prerequisite for a return to a growth path.

Most of the companies likely to be sold are low-margin businesses like plant hire and office cleaning.

One analyst said that BET had been hoping for an upturn in the economy which had not materialised.

"Not only was the volume not there, but price competition has gone from bad to worse," he said.

Gardiner accounts 'overstated' by £4.8m

By Jane Fuller

THE SHARE price of Gardiner Group, the UK-based distributor of security and surveillance products, plummeted from 15½p to 8½p yesterday after the company announced there had been a £4.8m overstatement in the 1991 accounts.

Gardiner's directors said they believed "the mis-statement resulted from the deliberate falsification of the company's records".

Mr Harvey Samson, who took over as finance director in June, said profits had been overstated up to October 1991, but it was not known how far back the problem went. He replaced Mr Ian Nellist, who resigned in January.

Gardiner's shares have fallen from 69p in September last year. The 1990-91 pre-tax profit figure of £6.03m was significantly below City expectations.

Mr Samson said the mis-stated figures mainly related to stocks of burglar alarms. The two subsidiaries acquired last year – Multi-Video Distributors and AW Alarm System – were not involved. A £10.6m rights issue, at 52p a share, accompanied those purchases.

The problem was picked up internally after the October 31 year-end stock-taking. Ernst & Young, the group's auditors, had helped quantify the amount involved. Outside accountants would be asked to mount a full investigation.

After a tax rebate, the amount knocked off the October 31 1991 net assets figure would be £3.5m, leaving a total of £16.2m. Figures for that year's stocks, creditors and profit and loss account would also be restated, said Mr Samson.

There was no material effect on profits earned since October 1991, which were "believed to be in line with the board's expectations". The tax rebate would benefit cash flow.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Boscombe Prop ......int	100	-	80	-	180
City Merch High ......int	1.3‡	Jan 8	-	-	3.25
Gartmore Euro ....fin	1.1	Jan 29	1.1	1.1	1.6☆
Nat Home Loans .....fin	nil	-	nil	nil	3.75
TR Property Inv ....int	0.4	Jan 11	0.6	-	1.45
Waterglade ....fin	nil	-	nil	nil	1

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Makes 6.175p to date. ☆For 15 months – includes special 0.5p

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	100	97	Beta Global Emrg Mkts C	97		-	-	-	-
165	F.P.	-	239	193	Darling Kindersley	233	-4	L3.0	2.6	1.7	22.3
-	F.P.	-	103	100	For & Col PEP Inv Tst	102		F3.38	-	4.4	-
-	F.P.	-	33	30	Jos Hldgs Cap	30		-	-	-	-
-	F.P.	-	92	90	Do. Inc.	91		F11.5	-	16.0	-
-	F.P.	-	109	101	Do. Zero Div Pf	109		-	-	-	-
130	F.P.	-	158	140	Linx Printing Techs	148		L2.6	2.8	2.3	17.6
120	F.P.	-	192	157	§Tepnel Diagnostics	192	+17	-	-	-	-
120	F.P.	-	151	126	Trinity	151		R5.4	1.9	4.9	14.2
45	F.P.	-	51	46	Vardon	46		b0.75	5.3	2.2	11.5
160	F.P.	-	173	165	Wetherspoon (J.D.)	173		W4.8	2.6	3.7	14.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	112½p	104½p	Bristol Water 6¼pc Pf	111p	-¼
100p	F.P.	-	102¼p	101p	Commercial Union 8¾pc Cm Pf	101¾p	-¼
100	F.P.	-	110½	104¼	NFC 7¼pc Cv Bd 2007	110¾	+½
‡	P.P.	-	16pm	4pm	Tomkins Non-Int. Brg. Cv. ULS	11½pm	+5½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
150	Nil	23/11	80pm	42pm	Haemocell	55pm	+3
4½	Nil	8/12	1¾pm	1pm	Prime People	1½pm	
25	Nil	1/3	6pm	1pm	Property Trust	1pm	
10	Nil	6/1	4pm	2½pm	Ronson	2½pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Nov. 9
- Last Dealings Nov. 20
- Last Declarations Feb. 11
- For settlement Feb. 22

3-month call rate indications are shown on page 11.

Calls in Ferranti Intl., Haemocell, Premier Cons., Ransomes, Rhino and Tibbett & Britten. Double in Regalian Properties.

NEWS DIGEST

A Fisher pays £0.85m to ex-chief

ALBERT FISHER, the food processing and distribution group, has paid £852,000 in compensation to Mr Tony Millar, who stepped down in July as executive chairman of the company he built into one of the stockmarket stars of the 1980s, writes Andrew Bolger.

Mr Millar, who resigned following pressure from non-executive directors, was on a four year contract and a salary of £252,000 in the year to August 31.

His departure came after a plunge in the share price and a profits warning, as concern mounted about the acquisitive Mr Millar's ability to manage at a time of faltering growth and a glut of fresh produce in Europe and North America.

Last month the group reported a drop in annual pre-tax profits from £69m to £52.1m on flat sales of £1.18bn. The share price, which fell from 82p in May to a low of 31p in August, yesterday rose 4p to 57p.

Losses of £854,000 for Ferromet

Ferromet Group, the USM-quoted metals trader whose 1991 accounts were heavily qualified by its auditor, Touche Ross, has fallen from pre-tax profits of £414,000 to losses of £854,000 in the six months to June 30.

It has also appointed Mr Phil Edmonds, the former England Test cricketer, as chief executive. He has committed £100,000 to the company in a loan note, which may be convertible to ordinary shares at a maximum price of 1p.

The group has contracted sharply. In the corresponding six months turnover was £46.4m; this time turnover fell to £6.46m, with continuing activities – Portsmouth Metals, the Bermuda-based metals trader, and Clogau (Nevada), a gold mine – contributing only £820,000. Pre-tax losses for these businesses were £241,000.

Losses per share including discontinued activities came to 0.42p (0.12p excluding discontinued activities) against earnings of 0.14p last time.

Benchmark losses doubled at £9.5m

Benchmark Group, the financial services group, reported pre-tax losses doubled at £9.5m, against £4.93m, in the year to June 30.

The loss is made up of trading losses of £2.17m (£117,000 profit), provisions against development properties of £3.91m (£4.21m), provisions against investments of £1.7m (£840,000) and provision in respect of leased premises £1.7m.

After an unchanged extraordinary charge of £2.71m, relating to provisions on the sale of Benchmark Bank, the loss for the year came out at £12.4m (£7.63m). As a result net assets are less than half the called-up share capital.

The company said that various options for the future had been examined and it was decided that it should become a property investment group. Discussions were being held to bring in the necessary expertise.

Turnover was £16.7m (£18.8m). Losses per share were 6.04p (8.42p) after taking into account last year's rights issue.

Hong Leung Group has a stake of 48 per cent while Guocco Group holds a further 14.99 per cent.

CountyGlen still engaged in talks

CountyGlen, the Irish property group whose shares are suspended, is still in talks with another party which may or may not lead to an offer for it.

Meanwhile, a circular is being prepared seeking shareholders' support to the sale of the property in Patrick Street.

In the year ended April 30 1992 the group incurred a pre-tax loss of I£157,000 (I£296,000) after exceptional credits of £107,000 (£118,000). Losses per share came to 6.1p (2.7p).

The auditors will qualify the accounts relating to the recoverability of I£292,000 which is included in debtors.

Gartmore European net assets improve

Gartmore European Investment Trust raised net asset value to 99.4p per share at the end of September 1992, against 94.7p a year earlier.

After-tax revenue fell to £165,000, against £384,000 for the previous 15 months, and earnings per share worked through at 0.97p (2.25p). The single final dividend is 1.1p (1.6p for 15 months including special 0.5p).

The trust reminded shareholders that its prime objective was to achieve capital growth over the longer term. Dividend income was therefore of secondary importance and it might not be possible in future to pursue a consistent dividend policy.

TR Property cuts interim dividend

Hit by a severely weak UK property market, TR Property Investment Trust reported an 18 per cent fall in net asset value per share to 25.34p at September 30, against 30.7p six months earlier.

In the light of the difficult conditions, the interim dividend has been reduced by 33 per cent to 0.4p (0.6p) despite increased earnings per share of 0.5p, against 0.39p last time.

Mr Paul Hyde-Thomson, chairman, said the dividend decision reflected the board's continuing strategy of readying the trust to move swiftly on opportunities once the property market allowed.

Pre-interest profits rose 48 per cent to £3.64m (£2.46m) mainly due to the increase in rental flow that offset an expected fall in franked and unfranked dividend income. Pre-tax profits rose 43 per cent to £2.2m.

Waterglade plans for reorganisation

After a disappointing year for the property group Waterglade International, which saw pre-tax losses more than triple to £18.5m, the new board is well advanced with reorganisation.

Mr David Cunningham, the new chairman, said the plans were aimed at maximising revenue and reducing costs and borrowings. Given the substantial erosion of assets – from £26m to £3.35m over the year – the next stage "must include some form of capital reorganisation".

In the year ended March 31 1992 turnover rose from £9.64m to £24.6m, reflecting disposals. But there was a trading loss of £1.51m (profit £3.43m) offset by rents received maintained at £1.7m. Net interest paid surged to £5.24m (£2.96m).

On top of that, exceptional charges totalled £13.26m (£8.35m) including £12.85m (£6.66m) provisions against developments to account for declining market values.

Losses per share in the year were 84.5p (25.8p).

Redundancies cut Bulgin's profit

Higher costs for redundancies and reorganisation have eaten into the profit at AF Bulgin, maker of electrical and electronic components.

After the costs of £114,000 (£93,000), pre-tax profit fell from £57,000 to £32,000 in the six months ended July 31 1992. Earnings per share were 0.11p (0.16p).

Turnover in the period improved from £6.57m to £6.58m.

New products were being brought forward and the directors were encouraged by the response to the Mini-Buccaneer range of compact water proof connectors.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

½ hour period ending	Provisional Price for Trading on 21.11.92: Pool purchase price £/MWh	Final Prices for Trading on 20.11.92: Pool purchase price £/MWh	Final Prices for Trading on 20.11.92: Pool selling price £/MWh
0030	18.60	17.61	17.61
0100	30.77	17.66	17.66
0130	30.77	17.66	17.66
0200	30.77	23.73	26.67
0230	23.26	26.03	30.29
0300	36.00	26.03	30.25
0330	36.00	23.73	25.82
0400	29.12	21.06	23.06
0430	20.03	17.71	17.71
0500	18.32	17.69	17.69
0530	18.46	17.71	17.71
0600	18.44	17.70	17.70
0630	18.45	17.70	17.70
0700	23.43	17.71	17.71
0730	23.43	20.60	22.71
0800	23.43	21.24	23.27
0830	20.75	22.96	25.05
0900	23.43	22.96	25.02
0930	27.39	23.57	25.64
1000	27.39	26.07	29.21
1030	27.39	26.07	29.21
1100	26.75	22.96	25.01
1130	27.39	22.96	25.01
1200	27.39	22.96	25.02
1230	23.63	22.96	25.02
1300	23.04	21.24	23.27
1330	20.92	21.24	23.27
1400	18.45	21.24	23.26
1430	18.22	17.72	17.72
1500	18.26	17.71	17.71
1530	18.28	17.72	17.72
1600	18.45	17.72	17.72
1630	20.60	17.71	17.71
1700	25.65	18.72	18.72
1730	26.37	23.20	25.26
1800	26.37	26.90	29.07
1830	26.37	26.90	29.04
1900	26.37	28.01	30.16
1930	26.30	28.01	30.17
2000	24.99	25.23	27.36
2030	24.98	25.23	27.36
2100	24.63	23.58	25.65
2130	24.44	21.40	23.43
2200	24.44	21.40	23.44
2230	18.40	21.40	23.45
2300	18.21	17.71	17.71
2330	17.98	17.69	17.69
2400	17.98	17.68	17.58

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.56/MWh becomes 1.856p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon [illegible]

Ice-cream ambitions take a licking

Peggy Hollinger on the rapid rise and fall of Clarke Foods and its colourful founder

HENRY CLARKE landed in Britain three years ago with a mission. The colourful American, with a flair for promotion, legendary in the ice-cream industry, aimed to teach Britons the delights of quality mass market ice-cream.

A firm fan of maple walnut, Mr Clarke was horrified to discover most Britons using ice cream as a mere moistener for apple pie.

Yet it was precisely his aim to upgrade British eating habits during a recession, and the manner in which he set out to achieve it, which many cite as a substantial reason for the demise of his company, Clarke Foods.

Nestlé, the Swiss-owned foods giant, earlier this week was able to snap up the assets and business of what had become, in just 20 months, Britain's second largest ice-cream manufacturer.

The problems behind Clarke's demise appear to have been manifold.

They include personality clashes with Mr Clarke, whose impish face and cosy Henry Fonda voice mask an iron will, and inflexible financing arrangements. Finally, sheer bad luck dogged the company through its most crucial summer.

Mr Clarke was known to be a shrewd dealmaker in the US, where he built up two companies covering nursing homes, guns and the inevitable ice cream over some 20 years.

When he was ousted from the second, he packed up his family and came to the UK to start again. Here, he and his three sons, Robert, David and Michael, set about building up Clarke Foods from a series of disparate loss-making and largely ignored companies.

Even the most critical industry observers give Mr Clarke credit for making tight deals. For example, in 1991 he swapped a 16.75 per cent stake in his company, Yelverton Investments – then an untried investment vehicle – for Hillsdown Holdings' ice cream businesses, including the Hortons and Fiesta brands.

"He was virtually given the assets," said one industry analyst.

When he bought Lyons Maid for £12m, one of Britain's best known ice-cream's names, Mr Clarke got a discount to offset redundancy payments planned for later in the year.

Yet it was with the Lyons Maid purchase that Mr Clarke's dreams began to melt. Arguments over the use of the Lyons name delayed the deal by five months until February 1992. The delay eventually played a key part in the company's final difficulties, when problems with the installation of equipment dragged on into the crucial summer months.

Few disputed that Lyons Maid was a golden opportunity. However, many doubted whether the small family-run company could meet the Herculean task thrust upon it. It had to focus on maintaining the successful turnround of the Hillsdown businesses while reviving the long-ignored Lyons Maid brand name.

Tony Andrews

Henry Clarke: lost his grip on his third company, fighting on too many fronts

To add to the task, Mr Clarke had his own private agenda. The man credited with transforming a chocolate covered vanilla square into America's best-selling novelty ice-cream, the Klondike bar, he planned to repeat that success in the UK. The launch of the Clarke bar and a take-home premium ice-cream brand under the Clarke's flag, was added to the timetable.

Finally, a mammoth capital investment programme was begun to install high-tech manufacturing equipment.

"He was trying to fight on five fronts with inadequate financing and marginal resourcing," said Mr Michael Landymore of the company's former brokers, Henderson Crosthwaite. "Basically, he wanted to be in Berlin before landing the tanks at Omaha Beach."

The fifth front was the longest recession in Britain since the 1930s. "He was also trying to launch a premium brand at a time when the consumer was trading down," another analyst said. "Everything had to go well for him to achieve his targets."

Unfortunately it did not. The installation of the equipment was plagued by setbacks. Instead of churning out ice cream in February as planned, the factories were not fully operational until the middle of July. By that time, Britain was being drenched by record rain levels.

August, normally one of the best months for ice-cream sales, was the wettest in 53 years.

Mr Clarke, who has a home in Florida, then appeared to make a crucial mistake. He believed that the rain in Britain could not continue for ever. Factories worked round the clock to produce record amounts of ice-cream which never left the freezers.

Insiders claim Mr Clarke refused to heed warnings. "He grew increasingly autocratic," said one. "He would not listen to advice, nor to his own management team."

Mr Clarke insisted on carrying out a £6m advertising campaign over the summer. This included £1m on the Clarke's premium brand, featuring photographs of himself and his three sons, when the product was not getting to the shops.

Industry observers said that at the very least, the Clarke brand should have been shelved. The premium sector is minute in the context of the overall £750m UK ice-cream market and highly competitive.

Mr Clarke's sons, however, are proud of the work completed in the rainy days of July and August. American through and through, their fondness for unions is less than warm. However, they cite the super human efforts of the unionised Liverpool factory to save the company.

The decision to build stocks was justified, they said, because Clarke was under pressure to deliver to retailers who had been let down by the long delays and sporadic service in the early summer. And they point to the successful relaunch of Lyons Maid, when accused of ignoring the impulse brands.

Yet without the proper financing the outcome became increasingly inevitable. The company funded its working capital with a restrictive invoice discounting facility which provided cash only after sales had been achieved.

The drop in demand due to production problems and the wet weather meant Clarke had only used £2.5m of this £8m facility by the time National Westminster called in the receivers in October. The bank's total exposure to Clarke was less than £6m, including a £3m loan which industry observers suggested was secured against a disproportionate amount of collateral. The company's total debts came to about £25m.

Approaches in August to convert the facility into an overdraft had been rebuffed after six weeks of negotiation. NatWest has been criticised for taking so long at a crucial period and opting for receivership, which meant an asset sale, rather than administration which could have protected shareholders.

However, the bank says it acted on the advice of professionals. "Clarke's faced acute liquidity problems," it said. "The scale of their additional needs was very large."

Part of the problem seemed to many to be that Clarke owed too little to the bank. "If it had owed £50m, it certainly would have been put into administration," said one company insider.

But Mr Clarke himself sees a more basic flaw contributing to his company's collapse: The simple question of equity. "You can't slug it out with Unilever with only £17m of net worth," he says. We probably needed to raise another £8m, but it would have been better for £15m."

At the end of the day, Mr Clarke has no regrets. He has a different interpretation of what many will see as his failure.

"Yes, I could be criticised for trying to do too much," he said, "but we took companies that were an absolute collection of nothing . . . and turned them round."

If Mr Clarke is certain of anything, it is that ice-cream will continue to play a part in his life and that of his family. "We are not leaving the ice-cream business," he said. And just in case you wondered, he plans to stay in the UK as well.

Geoffrey Shingles: A change in his role at DEC's UK offshoot

Digital seeks a successor to Shingles

By Alan Cane

MR Geoffrey Shingles, who has been at the head of Digital Equipment's UK subsidiary since 1968, announced yesterday that he will give up the role of chief executive from the beginning of next year.

But he will continue as chairman, a position he has combined with chief executive for the past two years.

A successor is now being sought and is expected to be in post by the middle of next year. Mr Shingles, 53, said the company was starting with no preconceived ideas about his replacement, who could come from within the company or from outside. But it was likely that the eventual choice would have extensive operation experience with a modern, high technology industry.

Mr Shingles is the longest-serving head of any large UK information technology company.

His change of role is the latest in a series of senior management changes, including the retirement of founder and chairman Mr Kenneth Olsen and the resignation of European head Mr Pier Carlo Falotti, which are reshaping Digital Equipment world-wide.

Mr Shingles said his move had been planned for some time and was not a disappointed reaction to the appointment of Mr Richard Poulsen as head of Europe.

As chairman he intends to concentrate on developing relationships with Digital's customers in industry and Government.

Improvement in North America props Electrolux

By Christopher Brown-Humes in Stockholm

ELECTROLUX, the Swedish white goods manufacturer, said profits after financial items fell to SKr736m ($112.7m) in the first nine months from SKr890m in the same period a year ago.

The result would have been 4 per cent higher if the 1991 figure had not been inflated by SKr184m in capital gains.

Rationalisation and an upswing in North America has helped the group offset the impact of weak demand in key European markets.

Sales for the nine months fell to SKr58.9bn from SKr59.8bn. Operating income after depreciation dropped to SKr1.89bn from SKr2.12bn, which the group blamed on the weaker performance of its commercial appliance and industrial product operations.

In the third quarter, the group recorded a SKr22m loss, SKr5m less than in the same 1991 three months.

The period saw intensified competition and reduced sales in Europe, particularly in the Nordic countries. In Germany demand for white goods remained strong, but it declined in other product areas.

On prospects, the group commented: "High interest rates, restrained investment and consumption, and general uncertainty about the future will involve a continued weakening of the market situation in Europe.

"However, a continued but slow improvement in business conditions is expected in North America."

The group noted that changes in European currency rates would improve its long-term competitive position.

PepsiCo sells stake in Italian snacks venture

By Nikki Tait in New York

PEPSICO, the US soft drinks, food and restaurants group, said yesterday that it was selling its 49 per cent stake in an Italian salty snacks joint venture company, PIA, back to the majority owner, SME.

The US group gave "differences in philosophy" over investment strategies for PAI as the reason for the sale.

No figure was disclosed for the price at which SME, the Italian state-controlled food retailing and catering group, is buying out the interest, although PepsiCo said it would make a "small gain on the transaction".

Some Italian press reports suggested that the price was around L20bn ($14.5m).

The venture, formed in 1987, produced a mixture of PAI brands of potato chips and corn snacks, and PepsiCo snack brands, like Cheetos, a cheese-flavoured nibble, and BocaBits, a wheat-based product.

Explaining the split in investment philosophy, PepsiCo said that it viewed the Italian market as "one of great opportunity".

The US company said it would plough ahead with the marketing of its own brands in Italy, and introduce several new products via its snack food joint venture with General Mills, another large US food company.

● IRI, Italy's largest state holding company, said its board would meet today to decide the future of food group SME, which is expected to be privatised, at least partially, Reuter reports from Rome.

SME's stock was suspended last Monday by the bourse authorities pending an announcement by IRI. The stock has soared in recent weeks on speculation the whole group might be sold by public offer.

But the Italian Treasury Ministry recommended in a report released on Thursday that the food group be sold in parts rather than as a whole to bring in more money.

ECONOMIC DIARY

TODAY: Group of Fifteen summit meeting in Dakar. Discussions centred on environment and development issues.

TOMORROW: Elections in Peru for an assembly to rewrite the constitution.

MONDAY: Engineering sales and orders at current and constant prices (September). Balance of payments current account and overseas trade figures (October). European Community finance ministers meet in Brussels. Provisional agenda includes relations with the Commonwealth of Independent States (CIS) and eastern Europe. European Fisheries ministers meet in Brussels. House of Commons debates the sale of arms to Iraq. Mr Suleyman Demirel, Turkish prime minister, visits London for talks on bilateral ties and international issues.

TUESDAY: US durable goods (October). European Community industrial affairs council meets in Brussels. United States hands back final military base to the Philippines. Strike threatened on the London Underground. Institute of Directors annual dinner.

WEDNESDAY: New construction orders (September-provisional). US real GDP (preliminary release - third quarter), import/export prices (October). Ireland holds general election and referendum on lifting blanket ban on abortion. Partial privatisation of Portuguese reinsurance company COSEC.

THURSDAY: Energy trends (September). New vehicle registrations (October). Financial Times holds conference "Financial Reporting in the UK" in London.

FRIDAY: Inland Revenue statistics 1992. Confederation of British Industry monthly trends enquiry (November). US jobless claims; personal income (October). European Community foreign and finance ministers hold joint "conclave" to prepare for European Council meeting.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Nov 20 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Nov 19 Index No.	Wed Nov 18 Index No.	Tue Nov 17 Index No.	Year ago (approx) Index No.	1992 High		1992 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (174)	779.05	+0.7	7.25	5.50	17.99	29.69	773.92	774.33	771.48	756.45	929.04	20/5	664.23	9/9	1038.07 16/7/87	58.71 13/12/74
2 Building Materials (23)	788.41	+0.3	6.57	6.93	21.68	35.83	786.43	782.36	768.87	923.18	1121.52	11/5	617.65	9/9	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (26)	664.52	-0.4	4.17	7.46	65.01	37.38	667.05	671.41	672.19	1012.80	1069.64	11/5	485.72	9/9	1951.50 16/7/87	71.48 2/12/74
4 Electricals (9)	2176.39	+0.8	7.72	6.91	16.94	108.10	2158.71	2141.39	2142.36	2319.08	2758.50	22/5	1874.89	20/10	3040.80 8/9/89	84.71 25/6/62
5 Electronics (27)	2168.73	+0.3	7.04	3.94	18.06	50.14	2162.29	2181.63	2167.00	1658.03	2193.50	12/11	1655.93	13/1	2308.22 19/5/89	229.01 8/10/85
6 Engineering-Aerospace (6)	248.93	-0.5	14.22	9.43	8.95	15.92	250.29	256.21	255.13	327.84	406.10	20/5	248.93	20/11	502.42 13/6/90	248.93 20/11/92
7 Engineering-General (43)	453.28	+1.3	8.80	5.20	14.51	16.58	447.63	444.27	443.25	460.61	567.62	20/5	409.31	9/9	567.62 20/5/92	339.57 23/1/91
8 Metals and Metal Forming (7)	278.26	+0.2	6.14	4.61	23.71	8.52	277.79	271.58	270.93	323.12	379.31	18/5	255.51	8/9	596.67 9/10/87	49.65 6/1/75
9 Motors (15)	328.00	+0.4	6.20	7.17	23.52	17.59	326.60	319.86	319.68	301.35	403.06	21/5	274.42	1/9	411.42 13/10/87	19.91 6/1/75
10 Other Industrials (18)	1784.73	+1.2	6.99	4.69	17.30	61.23	1763.67	1773.38	1776.84	1489.32	1906.65	11/5	1480.17	9/9	1906.65 11/5/92	277.55 15/1/81
21 CONSUMER GROUP (192)	1681.43	+0.7	6.92	3.46	17.92	40.00	1669.85	1665.34	1650.03	1533.99	1761.38	11/5	1446.17	25/8	1761.38 11/5/92	61.41 13/12/74
22 Brewers and Distillers (25)	2009.06	+1.6	8.27	3.68	14.60	41.53	1977.98	1962.55	1940.68	1896.02	2278.85	11/5	1812.14	5/10	2278.85 11/5/92	69.47 13/12/74
25 Food Manufacturing (19)	1254.76	+0.2	8.46	4.25	14.69	36.85	1252.87	1252.43	1252.40	1177.60	1327.80	11/5	1064.95	10/9	1327.80 11/5/92	59.67 11/12/74
26 Food Retailing (18)	2956.23	+0.2	8.70	3.15	14.92	62.29	2951.58	2931.99	2886.35	2231.21	2998.16	18/5	2293.80	10/1	2998.16 18/5/92	54.25 11/12/74
27 Health and Household (26)	4413.08	+1.2	5.04	2.57	23.04	87.51	4359.63	4341.75	4307.10	4015.02	4654.94	14/1	3648.63	26/8	4654.94 14/1/92	175.38 28/5/80
29 Hotels and Leisure (18)	1161.80	+1.0	6.76	5.87	19.46	46.03	1150.29	1151.77	1147.51	1302.87	1450.36	13/5	898.80	16/9	1845.77 8/9/89	54.83 9/1/75
30 Media (27)	1669.45	.....	5.98	3.17	20.89	38.19	1669.41	1655.12	1645.51	1420.55	1721.09	11/5	1376.55	25/8	1721.09 11/5/92	1166.91 16/1/91
31 Packaging, Paper & Printing (17)	734.86	-0.3	7.11	4.43	17.45	24.01	736.75	735.01	729.38	736.46	875.53	13/5	633.27	16/9	875.53 13/5/92	43.46 6/1/75
34 Stores (33)	1073.38	+0.1	6.80	3.37	19.46	26.40	1072.61	1081.93	1065.02	978.01	1135.66	27/4	907.08	25/8	1160.58 29/7/87	52.63 6/1/75
35 Textiles (9)	702.39	-0.7	6.75	4.37	18.64	21.09	707.54	707.41	700.27	625.89	756.70	8/5	551.94	25/8	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (116)	1388.08	+0.6	8.81	4.93	14.14	41.46	1379.70	1376.88	1366.77	1192.46	1388.00	20/11	1140.56	3/4	1388.00 20/11/92	58.63 6/1/75
41 Business Services (18)	1422.37	+0.9	6.23	3.58	19.67	30.78	1410.18	1416.91	1421.39	1384.21	1511.16	11/5	1160.34	1/9	1511.16 11/5/92	892.28 1/2/91
42 Chemicals (22)	1348.16	+1.0	6.78	5.44	18.65	48.71	1335.23	1340.51	1323.28	1381.89	1629.99	8/5	1243.05	1/9	1629.99 8/5/92	71.20 1/12/74
43 Conglomerates (10)	1328.92	+0.8	8.67	8.28	14.76	40.93	1318.08	1329.87	1331.00	1391.91	1509.94	11/5	1087.92	2/9	1819.46 11/8/89	975.19 10/11/87
44 Transport (13)	2559.04	+1.4	8.88	4.64	13.49	83.03	2523.90	2496.53	2466.02	2272.16	2790.11	20/5	2133.26	26/8	2790.11 20/5/92	90.80 29/6/62
45 Electricity (16)	1566.03	-0.2	13.36	4.73	9.63	55.01	1569.04	1542.23	1532.09	1167.97	1569.04	19/11	1044.63	7/4	1569.04 19/11/92	994.96 7/1/91
46 Telephone Networks (4)	1623.65	+0.4	8.14	4.19	15.97	46.15	1617.85	1618.61	1612.94	1392.29	1623.65	20/11	1274.20	3/4	1658.67 2/10/91	517.92 30/11/84
47 Water (11)	3324.14	-0.1	13.62	5.23	8.12	94.82	3327.40	3322.72	3302.24	2244.44	3357.97	11/11	2140.95	8/4	3357.97 11/11/92	1820.20 1/5/90
48 Miscellaneous (22)	2395.51	+1.1	5.88	4.21	21.03	56.19	2369.45	2363.78	2320.94	1773.37	2395.51	20/11	1770.94	3/1	2395.51 20/11/92	60.39 6/7/75
49 INDUSTRIAL GROUP (482)	1361.52	+0.7	7.61	4.29	16.46	38.41	1352.62	1349.99	1339.66	1230.76	1427.97	11/5	1168.49	1/9	1427.97 11/5/92	59.01 13/12/74
51 Oil & Gas (18)	2169.87	+1.5	6.15	5.97	21.37	102.73	2137.76	2143.06	2139.60	2301.17	2226.66	2/1	1756.72	7/8	2528.70 3/8/90	87.23 29/5/62
59 500 SHARE INDEX (500)	1436.67	+0.7	7.46	4.47	16.86	43.43	1426.04	1423.92	1413.92	1322.89	1493.99	11/5	1228.86	26/8	1493.99 11/5/92	63.49 13/12/74
61 FINANCIAL GROUP (82)	848.69	+1.1	–	5.17	–	31.47	839.82	840.47	829.30	737.54	854.29	10/11	631.13	25/8	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	1175.03	+1.7	5.23	4.74	28.63	40.52	1155.89	1160.34	1142.11	866.86	1205.51	10/11	790.95	3/4	1205.51 10/11/92	62.44 12/12/74
65 Insurance (Life) (6)	1691.43	+1.1	–	5.37	–	68.18	1672.54	1677.20	1632.94	1417.53	1691.43	20/11	1243.61	6/4	1691.43 20/11/92	44.88 2/1/75
66 Insurance (Composite) (7)	614.72	.....	–	4.90	–	22.58	615.04	609.24	595.71	526.10	615.04	19/11	418.66	27/7	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	709.80	+1.3	8.80	7.54	15.28	42.23	700.59	700.76	732.95	992.35	1031.35	27/1	527.43	25/8	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (6)	460.84	-0.2	–	4.96	–	16.75	461.71	462.50	458.73	474.61	521.89	22/5	395.41	28/8	547.59 12/10/87	31.21 7/1/75
69 Property (30)	616.02	-0.1	9.19	6.87	14.26	24.94	616.83	614.06	617.23	867.90	799.69	20/1	464.71	16/9	1398.87 5/9/89	56.01 20/4/65
70 Other Financial (14)	263.86	.....	7.53	6.33	17.45	10.24	263.86	263.79	264.77	240.57	271.79	26/5	215.81	2/9	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (69)	1259.82	+0.7	–	3.54	–	30.44	1251.21	1250.16	1236.08	1163.58	1273.08	11/5	1024.12	25/8	1323.81 4/1/90	71.12 13/12/74
99 ALL-SHARE INDEX (651)	1294.43	+0.8	–	4.54	–	40.06	1284.33	1282.84	1272.58	1182.51	1326.36	11/5	1086.13	25/8	1326.36 11/5/92	61.92 13/12/74

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES	Fri Nov 20	Day's change %	Thu Nov 19	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (22)	128.70	+0.01	128.69	2.25	10.99
2 5-15 years (25)	145.63	-0.08	145.75	2.49	11.85
3 Over 15 years (8)	152.20	-0.19	152.49	2.72	10.57
4 Irredeemables (6)	170.93	+0.22	170.55	0.90	13.45
5 All stocks (61)	142.27	-0.06	142.36	2.45	11.64
Index-Linked					
6 Up to 5 years (2)	184.37	+0.10	184.19	0.56	3.68
7 Over 5 years (10)	167.32	-0.09	167.46	1.15	4.04
8 All stocks (12)	168.41	-0.06	168.51	1.07	3.96
9 Debs & Loans (62)	123.35	-0.11	123.48	2.52	10.48

AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 20	Thu Nov 19	Year ago (approx.)	1992 High		1992 Low	
British Government								
1 Low	5 years	7.08	7.05	8.80	10.03	15/9	6.89	9/11
2 Coupons	15 years	8.25	8.23	9.65	9.72	1/4	8.06	12/11
3 (0%-7¾%)	20 years	8.51	8.50	9.65	9.72	1/4	8.34	12/11
4 Medium	5 years	7.43	7.41	9.97	10.28	1/4	7.11	11/11
5 Coupons	15 years	8.73	8.70	9.79	9.82	1/4	8.47	11/11
6 (8%-10¾%)	20 years	8.91	8.89	9.74	9.76	1/4	8.71	12/11
7 High	5 years	7.67	7.63	10.17	10.50	1/4	7.35	9/11
8 Coupons	15 years	9.00	9.00	9.88	9.96	1/4	8.76	11/11
9 (11%-)	20 years	9.09	9.09	9.79	9.90	5/10	8.87	11/11
10 Irredeemables (Flat Yield)		8.86	8.87	9.83	9.92	2/4	8.69	11/11
Index-Linked								
11 Inflation rate 5%	Up to 5 yrs	2.37	2.38	3.82	5.06	16/9	2.28	11/11
12 Inflation rate 5%	Over 5 yrs	3.77	3.76	4.25	4.76	16/9	3.67	30/10
13 Inflation rate 10%	Up to 5 yrs	1.54	1.54	3.17	4.23	16/9	1.50	13/11
14 Inflation rate 10%	Over 5 yrs	3.59	3.57	4.07	4.56	16/9	3.49	30/10
15 Debs &	5 years	8.86	8.82	11.59	11.51	6/4	8.40	12/11
16 Loans	15 years	9.89	9.87	11.40	11.22	6/4	9.68	11/11
17	25 years	10.07	10.06	11.22	11.02	6/4	9.93	11/11

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

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LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*655)	650	27	42	51	25	38	53
	700	10	23	32	65	70	83
ASDA (*47)	45	6	9	11	4	5½	7½
	50	4	6	9½	6	7½	10
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAA (*756)	750	11	46	64	8	29	37
	800	1	23	43	47	59	65
BAT Inds (*965)	950	16	61	72	8	35	57
	1000	3	36	48	42	63	87
BTR (*500)	500	6	25	32	7	23	32
	550	1½	7	13	53	60	66
[illegible]							

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Glaxo (*824)	800	49	75	99	18	43	57
	850	23	51	74	44	68	82
Hillsdown (*98)	90	14	20	23	3	8½	14
	100	7½	16	18	7	12	19
Lonrho	60	12	14	15½	2½	7	9
[illegible]							

FT FIXED INTEREST INDICES

	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Year ago	High *	Low *
Govt Secs (UK)	93.96	94.05	94.06	94.06	94.01	86.68	95.54	85.11
Fixed Interest	108.92	108.90	109.01	109.30	109.42	95.42	110.26	97.15

* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation 110.26 (12/11/92), low 50.53 (3/1/75). Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Nov 19	159.5	183.4
Nov 18	173.1	214.2
Nov 17	186.3	238.8
Nov 16	185.9	262.3
Nov 13	214.3	280.6

* SE activity indices rebased 1974

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	35	Hanson	17	Ratners	2½	Land Sec.	32
Allied-Lyons	47	Charter Cons	44	ICI	85	Reed Intl	42	MEPC	22
Amstrad	4	Comm Union	42	Ladbroke	20	Sears	7	■ OILS	
Astec (BSR)	3½	Courtaulds	38	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	6
BAT Inds	80	Eurotunnel	32	Lex Service	19	TI	28	BP	22
BOC	49	FKI	8	Lloyds Bank	34	TSB	11½	Burmah Castrol	56
BTR	35	FNFC	6	Lonrho	8	Tesco	17	Conroy Pet	6
Barclays	28	Forte	17	Lucas Inds	11	Thorn EMI	58	Gaelic Res	½
Blue Circle	19	GKN	33	Marks Spencer	25	T & N	15	Premier Cons	2½
Boots	31	Gen Accident	40	NatWest Bank	26	Unilever	75	Shell	42
Bowater	58	GEC	17	P & O Dfd	32	Vickers	9	Tuskar Res	½
Brit Aerospace	30	Glaxo	15	Racal Elect	8	Wellcome	71	■ MINES	
British Steel	8	Grand Met	34	RHM	14	■ PROPERTY		RTZ	50
BT	25	GRE	15	Rank Org	40	Brit Land	15		

INTERNATIONAL COMPANIES AND FINANCE

Hoechst profits down 19% as dollar fall cuts turnover

By Christopher Parkes in Frankfurt

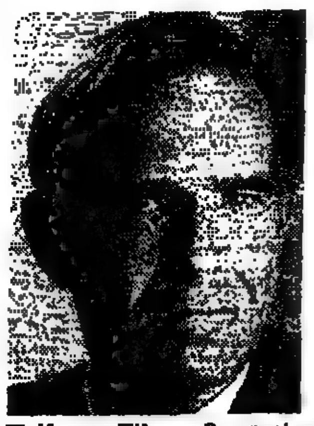
PRE-TAX profits at Hoechst, the German chemicals group, fell 19 per cent in the first nine months of this year to DM1.54bn ($960m), compared with DM1.9bn in 1991 and DM2.5bn in the previous year.

A "summer recession" set in at the start of the third quarter, continued into the autumn and there is still no end in sight, Mr Wolfgang Hilger, chairman, said yesterday.

The results, following news of a 45 per cent profits fall at BASF, further highlighted the impact of international and now domestic economic weakness on Germany's leading companies.

Hoechst shares gained on the news, which was not as bad as expected, and closed in Frankfurt DM1.40 higher at DM241.90.

The company's fortunes were saved from a more dramatic plunge by its strong pharmaceuticals business, which accounts for about half its earnings and is less prone to violent cyclical swings. With 75 per cent of sales overseas, the group was also less affected than BASF by the sudden downturn in the domestic market in the third quarter.



Wolfgang Hilger: Prospects dimmed by falling demand

Even so, Hoechst could not escape the effects of exchange rate changes. The effective devaluation of the US dollar against the D-Mark was responsible for the lion's share of the DM770m turnover fall in the third quarter, Mr Hilger said.

Group sales, down 7 per cent in the three months to end-September, were 2 per cent lower after nine months at DM11.9bn.

Cost-cutting programmes, including plans for job losses "in three figures" next year, are under way. One important move, announced yesterday – the merger of Hoechst's PVC activities with those of Wacker-Chemie – could save DM50m a year, Mr Hilger claimed.

Hoechst, which owns 50 per cent of Wacker, has suffered badly from worldwide depression in the PVC business. But Mr Hilger believed the deal, which would create a company with a 10 per cent share of west European capacity, would help improve competitiveness.

According to Mr Hilger, prospects have been dimmed by falling demand. Orders on hand at the end of October were 15 per cent lower than a year earlier, he said. Results for the last three months of the year would be "virtually the same" as in the third quarter.

Monsanto unit to cut 3,200 jobs

By Karen Zagor in New York

MONSANTO, the US chemicals group, yesterday disclosed an extraordinary after-tax charge of $425m, or about $3.45 a share, against fourth-quarter earnings and substantial job cuts at its Searle pharmaceuticals division.

Its shares were halted on the news. The stock, last quoted down $1½ at $55¼, has fallen from a high of $71½ in the last 52 weeks, largely reflecting concern about Searle's performance.

Mr Richard Mahoney, chairman, said the company was responding to a fiercely competitive environment, with consumers worldwide demanding dramatically lower prices for products and services.

"In our view, these conditions are a permanent shift in requirements rather than simply a reflection of currently depressed economic conditions."

The latest move follows Monsanto's $1.275bn sales of its Fischer Controls valve and systems subsidiary in August and two large restructurings in the 1980s.

Monsanto will cut about 3,200 jobs, mainly at Searle whose earnings have been hurt by the steep costs of bringing drugs to market. Its operating income dropped to $23m in the first nine months from $84m last year, with operating losses in the first half of this year.

Searle will sell and consolidate facilities, sell assets and reduce marketing, administration and technical expenses.

Monsanto's other operating units will refocus research programmes, consolidate some manufacturing capacity and writedown the value of some assets. There will also be cost-cutting at the corporate level.

Monsanto said it expects its cost-cutting measures to generate pre-tax savings of $200m a year, starting in 1994.

Relief at BBL bid collapse

By Ronald van de Krol in Amsterdam

SHARES in Internationale Nederlanden Groep (ING), the Dutch banking and insurance group, rose yesterday as investors registered relief at news on Thursday night that the company had abandoned plans to bid for Belgium's second-largest bank, Banque Bruxelles Lambert (BBL).

The takeover, which would have valued BBL at BFr63.6bn ($2.0bn), was regarded by some Dutch analysts as expensive and liable to put pressure on ING's profits.

However, the collapse of the bid is also a blow to ING's strategy of carving out a second home market in Belgium.

The bid unravelled after ING lowered its offer after examining BBL's books.

In September, ING, which already owns 11 per cent of BBL, indicated it would be willing to pay up to BFr 3,600 a share for the outstanding shares, provided that it was able to secure a total stake of at least 51 per cent.

It declined to say yesterday what its proposed lower bid would have been.

ING said it and BBL had disagreed on the value of certain assets held by the Belgian bank, but it would not say what its investigation of BBL's finances had revealed.

The Dutch group, which intends to hold on to its BBL shares, said it would continue to try to conclude an agreement with BBL whereby the Belgian bank would sell insurance policies written by ING, in line with ING's strategy of combining banking and insurance services.

Taking a slice of Hungarian salami

By Nicholas Denton in Budapest

HUNGARY has launched the privatisation and stock-market flotation of Pick Szeged in the hope investors will extend their taste for public offerings to the company's famous spicy salami.

James Capel, the UK brokerage which has advised on and managed the transaction, announced yesterday that the issue was fully underwritten and that the international part of the placement was comfortably oversubscribed.

Members of the syndicate for the Hungarian offering, for which subscription begins on November 27, said initial indications of domestic demand were also encouraging.

The placing price of Ft1,200 ($14.45) per share represents a ratio to prospective 1992 earnings of 7.8, compared with a Hungarian market norm of 11-12, and values the company at Ft2.72bn ($33m).

The managers of the offering are placing 30-40 per cent of Pick with institutions in the US, the UK and Germany.

It is matched by an allocation of 10-15 per cent for Hungarian cash investors and a further 20 per cent to be distributed over time in exchange for "compensation coupons".

The state plans to retain a 5 per cent stake and veto rights over the use of the Pick trademark. The remaining shares will be distributed among Pick's two primary creditor banks, local authorities and employees.

The Pick launch marks a revival of privatisation flotations after a drought of more than a year.

Subscription for Pick shares will be followed three days later by that for Dannbius Hotels, one of Hungary's three large hotel chains.

Brokers say both issues have to overcome the aversion to Hungarian flotations among investors who were burnt by the collapse in the share price of Ibusz, the travel agency which was the first Hungarian state company to go public, in 1990.

James Capel executives say Pick differs because the government is firmly behind the flotation and has granted a 10 per cent discount to small investors.

In addition, the lead-managers have carefully prepared the after-market to prevent a spike in the share price, and Pick is widely regarded as one of Hungary's most promising companies.

Competition eats into NTT earnings

By Charles Leadbeater in Tokyo.

THE DOWNTURN in the Japanese economy, combined with intensifying competition, has forced Nippon Telegraph and Telephone into a 21 per cent decline in pre-tax profits for the six months to the end of September.

NTT said yesterday its income from dial charges had been slashed to maintain market share against mounting competition from a range of new entrants into Japan's liberalised telecommunications market.

Pre-tax profits fell to Y105bn ($853m) on a 0.5 per cent fall in sales to Y2,963bn. The company's after-tax profits dropped from Y69bn in the first half of last year to Y45bn in the first half of this year.

Non-operating income fell by Y6bn to Y32bn. The company was unable to cut its operating costs, which rose by Y31bn to Y2,751bn.

The turnover of dial telephone services fell by 5.9 per cent to Y1,253bn partly because NTT had to cut its long distance call charges in response to cuts by its smaller competitors.

NTT's results were also hurt by the demerger in July of its profitable mobile telephone company.

Mr Masashi Kojima, NTT's president said the company would respond by cutting costs and by marketing recently developed network services to domestic subscribers, such as call forwarding and credit card services.

Mr Kojima said further cuts in NTT's long distance rates were unlikely, but other charges such as its basic subscription charge would be reviewed in February.

Turnover of the group's general telephone services fell by Y36bn to Y2,383bn, largely reflecting lower charges and reduced usage.

Sales of its pocket pager services, widely used by businesses were also down.

However, other parts of NTT's business, including leased circuits for private use and directory services, increased their turnover markedly.

Restructuring raises Ricoh margin

By Charles Leadbeater

A RADICAL restructuring programme at Ricoh, the office equipment maker, was the main factor behind a threefold increase in its operating profits despite the slowdown in the Japanese economy.

The sharp improvement in Ricoh's financial performance in the midst of the downturn is testimony to the effort it has devoted to cutting costs.

Most Japanese manufacturers – burdened by high fixed costs of heavy investment in the late 1980s and unwilling to cut swiftly into employment costs – have seen their profits fall sharply as revenues have declined.

But Ricoh's restructuring, one of the most radical yet attempted by a Japanese company since the economy began to slow, has reduced the ratio of manufacturing costs to sales by 1.8 per cent. The ratio of selling and general expenses to sales fell from 25 per cent in the first half of 1991 to 22.7 per cent in the six months to the end of this September.

Most Japanese manufacturers which have announced their interim results recently have complained they were unable to restrain cost increases.

However, several other manufacturers – such as Fujitsu, Honda and Sony – have also announced restructuring plans designed to cut costs and improve profitability.

Ricoh's operating profits rose to Y3.85bn ($31.3m) in the six months to the end of September from Y1.18bn in the first half of last year

But pre-tax profits fell by 37 per cent to Y4.4bn from Y7bn last year, largely because successive interest rate cuts reduced its interest income by 43 per cent to Y6.5bn.

The company said the yen's appreciation against the dollar had also affected its profit margins, reducing its pre-tax profits by a further Y1.3bn.

After-tax profits were 56.5 per cent down at Y2.04bn. Turnover was 0.7 per cent up at Y336bn. A 3.6 per cent increase in sales of copiers was partly offset by a fall in sales of information and optical equipment, especially in export markets.

A reorganisation of the overseas sales network helped to expand export sales of facsimile machines by more than 10 per cent.

Ricoh said it hoped to increase its share of the Japanese copier market through a new range of digital copiers.

Kyocera slips 30.1% on sluggish demand

By Emiko Terazono in Tokyo

KYOCERA, the leading Japanese maker of ceramic packages for integrated circuits, suffered a 30.1 per cent earnings fall due to sluggish demand and foreign exchange losses.

Consolidated pre-tax profits for the first half to September fell to Y24bn ($195m) from Y34.4bn the previous year. Sales declined 6.9 per cent to Y215.5bn, while after-tax profits fell 23.9 per cent to Y12bn.

Kyocera's profits were hurt by foreign exchange losses totalling Y1.9bn due to appreciation of the yen. Sluggish demand from vehicle manufacturers and office equipment manufacturers also hit sales.

The electronic parts division saw a 1.1 fall in sales to Y79.6bn, while semiconductor components sales plunged 14.7 per cent to Y47.6bn. Electronic equipment sales also declined, by 11.1 per cent to Y28.6bn.

On a parent company basis, Kyocera suffered a 16.3 per cent fall in pre-tax profits to Y18.3bn, while sales fell 9.1 per cent to Y148.1bn.

For the full year to March, Kyocera hopes to boost profits on sales of its new printer and new mobile telephones.

Minebea posts its first-ever loss

By Emiko Terazono

MINEBEA, a leading Japanese machinery maker, posted its first loss since it was founded in 1951, following heavy losses at its semiconductor subsidiary NMB Semiconductor.

The world's foremost maker of miniature bearings saw consolidated losses of Y4.9bn ($39.8m) on the pre-tax level for the 12 months to September.

After-tax losses mounted to Y13.6bn after special losses. Sales fell 3.4 per cent to Y276.6bn.

NMB posted losses of Y12.4bn due to heavy competition in the semiconductor market. Overall special losses surged 146.9 per cent to Y7.2bn. Losses on inventory liquidation rose 43.1 per cent to Y2.4bn, while those on asset sales totaled Y1bn.

The company relied on the stock market to boost earnings in the 1980s, but the stock market slump forced it to book losses on holdings. Losses on securities sales totalled Y45m, while appraisal losses on securities holdings increased 73 per cent to Y2.9bn.

On a non-consolidated basis, Minebea reported a sales drop of 3.4 per cent to Y200.8bn, while pre-tax profits plunged 45.4 per cent to Y3.2bn, and after-tax profits fell 63.8 per cent to Y2.7bn. Next year, Minebea expects consolidated pre-tax profits of Y5bn on a 2.2 per cent sales rise.

Olympus in Y4.2bn patent payment to Honeywell

By Charles Leadbeater

OLYMPUS, the leading Japanese camera maker, yesterday disclosed it had paid Y4.2bn ($34.1m) to Honeywell, the US high technology group, to settle a patent dispute over an automatic focus optical lens for cameras.

The company announced earlier this year it had settled the dispute, one of several that Honeywell has successfully pursued against Japanese camera manufacturers over their recently introduced automatic-focus cameras.

The payment was one of the main factors behind Olympus' Y275m after-tax loss for the six months to the end of September. It made an after-tax profit of Y3.7bn in the same period last year.

Olympus' pre-tax profits fell by 41.4 per cent for the first half of the financial year to Y4.2bn, higher than its earlier estimates largely due to its efforts to cut costs.

Turnover rose by 1.8 per cent to Y94bn, led by higher sales in Japan of a new camera with a panoramic lens, and medical camera sales.

A cost-cutting drive helped to limit the drop in operating profits to a 1.5 per cent fall to Y6.8bn. A rise in financial costs, related to Olympus' bond issues to raise additional capital, were the main reason for the fall in pre-tax profits.

Kenwood, the Japanese audio equipment manufacturer, reported a 41 per cent fall in interim pre-tax profits to Y1.8bn, on a 4.9 per cent increase in turnover in the first half of the year.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$336.35	-0.10	$368.45	$359.40	$334.05
Silver Per troy oz	249.50p	+5.0	231.15p	249.50p	187.55p
Aluminium 99.7% (cash)	$1153	+1.5	$1114.5	$1339.0	$1105.5
Copper Grade A (cash)	£1404.5	+18.5	£1317	£1418.0	£1125.0
Lead(cash)	£305.5	+12.5	£285.5	£383.5	£278.50
Nickel (cash)	$5405	-22.5	$7090	$8195.0	$5315
Zinc SHG (cash)	$1046.5	+27.5	$1162	$1457.5	$1010.0
Tin (cash)	$5675	-115	$5530	$7115.0	$5425.0
Cocoa Futures (Mar)	£744	-14	£759	£751	£523
Coffee Futures (Jan)	$968	+9	£598	$1013	$876
Sugar (LDP Raw)	$221	-3.6	$216.8	$272.8	$193
Barley Futures (Jan)	£131.50	+1.15	£118.85	£131.80	£106.90
Wheat Futures (Jan)	£133.40	+1.20	$123.85	£133.75	£109.85
Cotton Outlook A Index	52.75c	+0.60	63.00c	65.90c	52.25c
Wool (64s Super)	420p	+4	398p	480p	364p
Oil (Brent Blend)	$19.375x	+0.275	$20.225	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted p-pence/kg c-cents lb x-Jan.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$17.25-7.35u	-.025
Brent Blend (dated)	$19.45-9.50	-0.05
Brent Blend (Jan)	$19.35-9.40	-0.05
W.T.I. (1 pm est)	$20.56-0.60u	-.075
Oil products NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$208-209	
Gas Oil	$181-182	-1
Heavy Fuel Oil	$91-92	
Naphtha	$186-187	-1.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$336.35	+2.20
Silver (per troy oz)♣	373.5c	+2.5
Platinum (per troy oz)	$358.25	+2.60
Palladium (per troy oz)	$94.80	-0.30
Copper (US Producer)	100.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.12r	+0.05
Tin (New York)	262.5c	[illegible]
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.08p	-0.60*
Sheep (live weight)†♣	74.02p	-1.09*
Pigs (live weight)†	86.20p	+1.11*
London daily sugar (raw)	$221.0w	-1.0
London daily sugar (white)	$258.2w	-0.2
Tate and Lyle export price	£253.5	
Barley (English feed)	£137.0z	
Maize (US No 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq	
Rubber (Dec)♥	62.75p	
Rubber (Jan)♥	62.75p	
Rubber (KL RSS No 1 Dec)	223.5m	
Coconut oil (Philippines)§	$485.0y	+2.5
Palm Oil (Malaysian)§	$407.5	
Copra (Philippines)§	$322.5	-5.0
Soyabeans (US)	£168.0u	-1.0
Cotton "A" index	52.75c	
Wooltops (64s Super)	420p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Dec. y-Jan/Feb. u-Jan. w-Dec/Jan. z-Jan/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Dec	196.00	196.00	195.00	
May	197.00		196.00	
White	**Close**	**Previous**	**High/Low**	
Mar	255.80	256.30	256.60	255.40
May	258.50	259.00	258.50	257.90
Aug	264.50	264.80	264.00	
Oct	252.90	253.20	253.00	252.50
Dec	253.40		253.00	

Turnover: Raw 38 (16) lots of 50 tonnes. White 530 (255) Paris- White (FFr per tonne): Mar 1403.18 May 1430.59

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Jan	19.49	19.34	19.49	19.27
Feb	19.40	19.32	19.41	19.23
Mar	19.33	19.24	19.33	19.20
Apr	19.25	19.19	19.25	19.18
Jun	19.12	19.16	19.15	19.12
IPE Index	19.21	19.17		

Turnover 12605 (29020)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Dec	178.00	176.50	179.75	177.25
Jan	180.25	181.00	181.75	179.50
Feb	182.25	182.50	182.50	181.00
Mar	181.00	180.75	181.00	179.50
Apr	177.25	176.75	177.25	176.50
May	174.00	174.00	174.25	174.00
Jun	172.50	172.00	172.50	

Turnover 14301 (19599) lots of 100 tonnes

SPICES

A softer trend has emerged in the pepper market, reports Man-producten. A general lack of fresh buying interest in most consuming markets created more selling pressure in most origins, resulting in declining prices of both black and white pepper. But when demand picks up prices will harden again. White pepper is available at $1,525 a tonne on the spot and at $1,475 cif for prompt shipment. Black pepper stocks remain tight. Hence the premium price for ready goods at $1,400 to $1,450 ex-warehouse whereas $1,250 to $1,300 cif is quoted for prompt shipment.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	721	725	726	718
Mar	744	748	750	741
May	759	763	764	758
Jul	773	776	776	771
Sep	787	790	793	786
Dec	809	813	814	806
Mar	830	832	836	830
May	845	847	845	
Jul	860	862	861	
Sep	875	876	878	872

Turnover: 5537 (7256) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Nov 18 795.64 (787.46) 10 day average for Nov 19 784.96 (782.03)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Nov	933	928	927	920
Jan	965	963	970	947
Mar	985	979	990	970
May	980	976	980	964
Sep	995	989	980	

Turnover: 2869 (2175) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Nov 19: Comp. daily 58.68 (56.88) 15 day average 57.08 (56.90)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	60.2	62.0	62.0	60.1

Turnover 69 (63) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	140.80		140.80

Turnover 50 (30) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Nov	1285	1285	1290	1285
Dec	1285	1280	1287	1279
Jan	1290	1295	1300	1283
Apr	1290	1300	1300	1290
BFI	1283	1248		

Turnover 236 (403)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Nov	132.00	132.00	132.00	
Jan	133.40	133.65	134.00	133.30
Mar	135.85	136.25	136.85	135.60
May	138.35	139.00	139.00	138.35
Nov	108.50		108.60	108.50
Barley	**Close**	**Previous**	**High/Low**	
Jan	131.50	131.55	131.65	131.50
Mar	134.00	134.10	134.15	134.00

Turnover: Wheat 387 (277), Barley 75 (47). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Nov	116.0	116.0	114.5	
Jan	103.5	103.5	103.0	
Apr	105.0	105.0	104.5	
May	105.0	105.5	105.0	104.6
Jun	104.5		104.0	

Turnover: 19 (8) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 19,410 lots	
Cash	1152.5-3.5	1158.5-9.5	1163/1162.5	1162.5-3		
3 months	1186-7	1182-3	1191/1182	1185-5.5	1184-5	181,311 lots
Copper, Grade A (£ per tonne)					Total daily turnover 18,708 lots	
Cash	1404-5	1383.5-4.5	1397.5	1396-7		
3 months	1430-1	1416-20	1432/1422	1422-2.5	1427-8	182,486 lots
Lead (£ per tonne)					Total daily turnover 1,666 lots	
Cash	305-6	300.5-1.5	300	299-300		
3 months	317.5-8	313.25-3.5	318/310	312-3	316-7	24,399 lots
Nickel ($ per tonne)					Total daily turnover 8,246 lots	
Cash	5400-10	5381-3	5365/5363	5360-3		
3 months	5475-80	5455-6	5510/5390	5445-50	5505-10	38,631 lots
Tin ($ per tonne)					Total daily turnover 1,881 lots	
Cash	5670-80	5690-700	5685	5680-5		
3 months	5725-30	5740-5	5740/5710	5730-5	5725-30	10,279 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 9,471 lots	
Cash	1046-7	1038-9		1046-7		
3 months	1067-8	1058-8.5	1072/1060	1065.5-6	1069-70	73,980 lots

LME Closing £/$ rate: SPOT: 1.5325 3 months: 1.5212 6 months: 1.5140 9 months: 1.5062

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	336.20-336.50	
Opening	335.60-336.00	
Morning fix	335.55	218.958
Afternoon fix	336.10	219.861
Day's high	336.60-337.10	
Day's low	335.50-335.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.40	6 months	1.91
2 months	1.59	12 months	2.41
3 months	1.62		

Silver fix	p/troy oz	US cts equiv
Spot	248.35	377.25
3 months	250.55	380.60
6 months	254.25	383.90
12 months	261.55	391.40

GOLD COINS

	$ price	£ equivalent
Krugerrand	335.00-338.00	218.00-220.00
Maple leaf	346.05-348.30	-
New Sovereign	79.00-82.00	51.00-53.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Mar	Dec	Mar
1150	28	61	5	17
1175	10	46	15	26
1200	3	35	33	38
Copper (Grade A)	**Calls**		**Puts**	
2100	48	92	8	29
2150	17	62	24	49
2200	4	40	60	75
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
900	74	108	6	18
950	39	73	21	35
1000	17	47	49	59
Cocoa	**Mar**	**May**	**Mar**	**May**
725	49	71	30	37
750	37	58	43	49
775	28	46	56	64
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1950	40	61	67	74
2000	24	36	83	
2050	13	20		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	335.2	335.3	0	0
Dec	335.3	335.4	337.0	335.0
Jan	335.9	336.0	0	0
Feb	336.4	336.6	338.2	336.4
Apr	337.7	337.8	339.0	337.4
Jun	339.1	339.2	340.4	338.4
Aug	340.7	340.7	0	0
Oct	342.4	342.4	0	0
Dec	344.1	344.1	345.8	344.2

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	360.6	354.4	361.0	355.5
Apr	358.3	353.1	360.0	354.4
Jul	356.8	352.6	359.0	355.5
Oct	360.8	354.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	375.3	375.8	0	0
Dec	375.7	376.3	378.0	375.0
Jan	376.8	377.3	0	0
Mar	379.7	380.3	382.0	379.0
May	382.6	383.2	385.0	382.5
Jul	385.3	385.8	388.0	385.5
Sep	388.2	388.8	390.0	390.0
Dec	392.8	393.5	395.5	392.5
Jan	394.2	394.8	0	0
Mar	[illegible]	398.9	401.5	401.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	95.15	95.20	95.15	95.10
Dec	95.40	95.50	95.80	95.35
Jan	95.75	95.90	96.10	95.85
Feb	96.10	96.30	96.50	96.30
Mar	96.45	96.70	97.00	96.45
Apr	96.90	97.10	0	0
May	97.30	97.50	97.70	97.30
Jun	97.65	97.88	0	0
Jul	98.05	98.25	98.50	98.05
Aug	98.40	98.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	20.46	20.54	20.57	20.33
Jan	20.68	20.57	20.68	20.43
Feb	20.63	20.54	20.63	20.43
Mar	20.57	20.51	20.57	20.43
Apr	20.55	20.48	20.59	20.42
May	20.52	20.46	20.62	20.43
Jun	20.50	20.44	20.50	20.38
Jul	20.46	20.42	20.48	20.37
Aug	20.46	20.40	20.46	20.30
Sep	20.45	20.39	20.46	20.32

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	5755	5728	5755	5685
Jan	5860	5860	5870	5790
Feb	5930	5941	5935	5870
Mar	5850	5861	[illegible]	5765
Apr	5705	5731	5735	5690
May	5580	5611	0	0
Jun	5555	5581	5555	5555
Jul	5585	5591	5585	5545
Aug	5615	5636	5615	5615
Sep	5730	5751	5730	5730

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	976	[illegible]	999	976
Mar	1018	1035	1030	1010
May	1040	1061	1056	1039
Jul	1060	1088	1075	1070
Sep	1089	1106	1089	1088
Dec	1126	1143	1124	1122
Mar	1154	1177	0	0
May	1175	1198	0	0
Jul	1205	1228	0	0
Sep	1228	1251	1228	1228

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	70.40	69.15	70.40	68.25
Mar	71.60	70.95	71.95	69.90
May	74.65	73.90	74.90	73.00
Jul	76.40	75.55	76.40	74.90
Sep	77.75	77.00	78.00	76.50
Dec	80.25	79.40	80.35	79.00
Mar	82.40	81.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.62	8.66	8.67	8.60
May	8.75	8.78	8.78	8.75
Jul	8.82	8.85	8.85	8.81
Oct	8.81	8.84	8.86	8.81
Mar	8.86	8.90	8.90	8.80

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	57.55	56.40	58.40	56.70
Mar	57.65	56.73	58.73	57.10
May	58.39	57.60	58.60	58.15
Jul	59.00	58.32	59.99	58.75
Oct	58.65	58.35	60.35	59.60
Dec	59.20	58.60	59.90	58.50
Mar	59.70	59.35	60.00	59.70
May	60.10	59.90	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	92.80	93.35	93.30	92.25
Mar	94.90	96.30	95.45	94.60
May	96.20	96.20	96.20	95.35
Jul	95.70	95.75	96.00	95.30
Sep	95.20	95.25	96.00	95.50
Nov	95.05	95.00	96.00	95.60
Jan	95.05	95.00	0	0
Mar	95.05	95.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov.20	Nov.19	mnth ago	yr ago
1657.1	1656.5	1637.8	1623.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov.18	Nov.17	mnth ago	yr ago
Spot	117.77	117.97	114.09	114.95
Futures	118.35	117.94	115.45	132.98

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	569/4	564/2	568/0	569/0
Mar	566/2	570/0	572/0	565/0
May	571/4	576/0	577/6	571/0
Jul	577/4	581/6	583/4	577/2
Aug	580/0	584/4	584/0	580/0
Sep	580/0	584/0	585/4	580/0
Nov	585/6	589/0	590/4	585/4
Jan	593/4	596/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	20.21	20.60	20.60	20.17
Jan	20.32	20.71	20.70	[illegible]
Mar	20.68	20.91	20.90	20.46
May	20.72	21.06	21.08	20.70
Jul	[illegible]	21.17	21.10	20.80
Aug	20.90	21.17	21.05	20.90
Sep	20.99	21.18	21.00	20.90
Oct	20.93	21.22	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	182.0	182.2	183.5	180.8
Jan	181.8	181.9	[illegible]	180.8
Mar	181.7	[illegible]	182.9	181.0
May	182.4	182.8	183.7	181.8
Jul	184.4	184.7	185.7	184.0
Aug	185.1	185.4	186.0	185.1
Sep	186.1	186.3	187.0	186.1
Oct	188.0	188.0	188.5	187.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	213/6	217/2	217/6	213/4
Mar	221/6	225/0	225/6	221/4
May	229/0	232/2	233/0	228/6
Jul	234/4	237/2	237/6	234/2
Sep	238/0	241/2	241/2	238/0
Dec	242/4	245/6	245/6	242/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	370/2	370/4	371/6	367/0
Mar	368/4	368/6	370/0	364/6
May	351/6	350/6	353/0	349/0
Jul	324/6	326/0	326/6	323/6
Sep	330/0	331/0	330/0	330/0
Dec	341/4	343/0	344/4	340/6

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	75.175	75.025	75.200	74.925
Feb	72.750	72.675	72.775	72.550
Apr	72.975	72.925	73.025	[illegible]
Jun	69.750	[illegible]	69.875	69.700
Aug	68.600	68.550	68.750	68.525
Oct	68.975	68.900	69.000	68.900

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	44.600	[illegible]	44.850	44.325
Feb	44.225	44.475	44.700	44.075
Apr	[illegible]	42.275	42.500	41.650
Jun	46.250	46.475	46.600	46.000
Jul	45.700	45.850	45.950	45.550
Aug	44.400	44.475	44.600	44.250
Oct	41.175	41.225	41.300	41.050

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	42.375	43.200	43.100	[illegible]
Mar	42.475	43.325	43.290	[illegible]
May	43.550	44.400	44.150	42.975
Jul	44.700	45.275	44.700	44.000
Aug	43.500	43.975	43.500	42.600

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|هكذا صدر الأصل|

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

ERM rumours boost dollar

SWEDEN'S devaluation of the krona earlier this week continued to cause ripples across the world's foreign exchange markets yesterday, consolidating the D-Mark's gains against most European currencies, *writes James Blitz.*

The latest uncertainty in exchange rates raised increasing speculation that the Exchange Rate Mechanism was ripe for its second formal realignment in three months. Late last night, agency reports that a realignment of the ERM was underway sent the dollar to a level of DM1.61 in US trading.

The devaluation of the Swedish krona triggered a spate of D-Mark buying on Thursday. Dealers believe that the Spanish peseta, Portuguese escudo and Irish punt are overvalued against the D-Mark, and will need to be devalue soon in order to boost badly-needed economic growth in those countries.

Inside the ERM, the Portuguese escudo suffered most yesterday. It plunged through the psychological barrier of Esc90 per D-Mark despite intervention from the Bank of Portugal. It later closed at Esc90.63.

The central banks of Belgium and Ireland intervened to support the Irish punt as it threatened to touch its floor against the Belgian franc, the strongest currency in the system. The punt later closed at I£2.6243.

The French franc fell to a three-week low against the D-Mark, bottoming out at FFr3.3910 against the D-Mark. The franc later recovered to a close of FFr3.386, helped by the announcement of a FFr1.45bn current account surplus in September, underlining the economy's strong position. It was still down 0.6 centimes on the day.

Outside the ERM, the Italian lira continued to weaken, falling another L4 to a close of L863.3 against the D-Mark.

Some analysts said that Mr Helmut Schlesinger, the Bundesbank president, had intensified speculation by approving of Sweden's decision to float the Ecu yesterday. But there are fundamental differences between the current ERM tensions and the ones which developed into a full scale currency crisis in the autumn.

The market is now looking at Germany in a different way. In the previous crisis, the market chose to ignore the fact that the German economy was slowing down and teetering on the brink of recession. Now, the D-Mark is not perceived as the strong currency it was.

The market also saw in the early autumn how resilient the French franc can be to speculative attack. "People know that speculating against the French franc would be a costly blunder," said Mr Christian Dumis, of Chemical Bank in London.

£ IN NEW YORK

Nov.20	Latest	Previous Close
£ Spot	1.5200-1.5210	1.5380 1.5390
1 month	0.52-0.51pm	0.52 0.50pm
3 months	1.25-1.22pm	1.25 1.22pm
12 months	3.57-3.47pm	3.62 3.52pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.20	Previous
8.30 am	78.6	78.3
9.00 am	78.8	78.5
10.00 am	78.7	78.5
11.00 am	78.6	77.5
Noon	78.7	77.5
1.00 pm	78.5	77.5
2.00 pm	78.6	78.4
3.00 pm	78.4	78.7
4.00 pm	78.4	78.4

CURRENCY RATES

Nov 20	Bank ♠ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.904628	0.810417
U.S Dollar	3.00	1.38969	1.23791
Canadian $	6.18	1.76866	1.58180
Austrian Sch	8.25	15.4925	13.8151
Belgian Franc	7.75	45.2170	40.4302
Danish Krone	9.50	8.45974	7.64658
D-Mark	8.25	2.20196	1.96370
Dutch Guilder	7.75	2.47184	2.21017
French Franc	10	7.41678	6.64511
Italian Lira	13.00	1880.14	1700.56
Japanese Yen	3.25	172.113	153.130
Norway Krone	-	8.96559	8.07118
Spanish Peseta	-	157.380	140.603
Swedish Krona	12.50	8.28533	8.26799
Swiss Franc	6.00	2.00254	1.76402
Greek Drach	19	N/A	255.728
Irish Punt	-	N/A	0.748299

♠ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Nov.19

CURRENCY MOVEMENTS

Nov 20	Bank of England Index	Morgan** Guaranty Changes %
Sterling	78.4	-31.56
U.S Dollar	65.5	-12.50
Canadian Dollar	94.2	-7.75
Austrian Schilling	113.9	+15.47
Belgian Franc	115.5	+1.58
Danish Krone	115.0	+9.38
D-Mark	124.3	+30.56
Swiss Franc	112.2	+19.12
Dutch Guilder	118.9	+20.42
French Franc	109.1	-7.68
Lira	88.4	-28.04
Yen	150.7	+87.39
Peseta	98.4	-25.22

*Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov.19

OTHER CURRENCIES

Nov 20	£	$
Argentina	1.5150 - 1.5175	0.9900 - 0.9910
Australia	2.2300 - 2.2320	1.4600 - 1.4610
Brazil	14182.5 - 14192.5	9269.80 - 9270.00
Finland	7.7770 - 7.7825	5.0945 - 5.0965
Greece	312.050 - 318.300	203.680 - 207.760
Hong Kong	11.8005 - 11.8170	7.7355 - 7.7365
Iran	2220.00*	1455.00*
Korea(Sth)	1199.10 - 1218.45	783.10 - 789.30
Kuwait	0.45600 - 0.45700	0.29800 - 0.29850
Luxembourg	49.80 - 49.90	32.75 - 32.85
Malaysia	3.8455 - 3.8540	2.5230 - 2.5240
Mexico	4755.15 - 4758.20	3112.00 - 3114.00
N.Zealand	2.9645 - 2.9685	1.9400 - 1.9425
Saudi Ar	5.6995 - 5.7950	3.7495 - 3.7505
Singapore	2.4920 - 2.4990	1.6350 - 1.6360
S.Af (Cm)	4.5590 - 4.5710	2.9920 - 2.9940
S.Af (Fn)	7.5270 - 7.5825	4.9260 - 4.9625
Taiwan	38.75 - 38.85	25.35 - 25.45
U.A.E.	5.5805 - 5.6755	3.6715 - 3.6735

*Floating rate, free Official rate:£99.65 $66.35

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5205	1.5154	1.5082	1.4990	1.4855
D-mark	2.4225	2.4192	2.4126	2.4058	2.3958
French Fr.	8.2025	7.9175	7.5975	7.0990	6.4715
Swiss Fr.	2.1775	2.1757	2.1745	2.1720	2.1465
Yen	188.75	188.13	187.64	185.87	183.38

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 20	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Belgian Franc	41.9547	40.4302	-3.63	4.83	48
Dutch Guilder	2.29193	2.21017	-3.57	4.76	45
D-Mark	2.03412	1.96370	-3.46	4.65	52
French Franc	6.82216	6.64511	-2.60	3.72	-3
Danish Krone	7.75901	7.64658	-1.45	2.51	-33
Irish Punt	0.759300	0.748299	-1.45	2.51	-34
Portuguese Escudo	176.844	177.492	0.37	0.66	-35
Spanish Peseta	139.176	140.603	1.03	0.00	-37

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5185 - 1.5390	1.5200 - 1.5210	0.52-0.50cpm	4.02	1.25-1.22pm	3.25
Canada	1.9420 - 1.9555	1.9435 - 1.9445	0.11-0.23cdis	-1.05	0.21-0.47dis	-0.70
Netherlands	2.7125 - 2.7350	2.7200 - 2.7300	¼-⅜cdis	-1.38	1⅛-1⅛dis	-1.74
Belgium	49.50 - 49.95	49.80 - 49.90	3-9cdis	-1.44	14-24dis	-1.52
Denmark	9.3325 - 9.4400	9.4175 - 9.4275	2⅞-3⅞oredis	-3.50	6⅜-8dis	-3.13
Ireland	0.9145 - 0.9255	0.9190 - 0.9200	1.55-1.15cpm	17.62	2.95-2.25pm	11.31
Germany	2.4125 - 2.4350	2.4200 - 2.4250	¼-⅜pfdis	-1.55	1-1⅛dis	-1.75
Portugal	216.00 - 219.50	218.50 - 219.50	175-205cdis	-10.41	510-580dis	-9.95
Spain	172.65 - 173.90	173.35 - 173.65	90-110cdis	-6.92	300-325dis	-7.20
Italy	2088.25 - 2115.25	2091.00 - 2092.00	11-15liredis	-7.46	36-43dis	-7.55
Norway	9.8025 - 9.9600	9.8050 - 9.8150	2⅞-3oredis	-3.29	7⅛-8⅛dis	-3.19
France	8.1750 - 8.2250	8.1975 - 8.2075	2⅛-3cdis	-3.93	5⅛-6⅛dis	-2.77
Sweden	9.9025 - 10.2750	10.1900 - 10.2000	4⅛-5⅛oredis	-5.52	14⅛-15⅛dis	-5.79
Japan	188.00 - 190.00	188.25 - 189.25	⅝-½ypm	3.58	1⅝-1½pm	3.31
Austria	16.95 - 17.09	17.02 - 17.05	1⅞-2½grodis	-1.45	5⅞-8½dis	-1.67
Switzerland	2.1600 - 2.1875	2.1725 - 2.1825	⅛-⅛cpm	1.03	⅛-⅛pm	0.46
Ecu	1.2335 - 1.2400	1.2345 - 1.2355	0.30-0.36cdis	-3.30	0.97-1.08dis	-3.32

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.18-2.13pm . 12 Month 3.55-3.45pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5185 - 1.5390	1.5200 - 1.5210	0.52-0.50cpm	4.02	1.25-1.22pm	3.25
Ireland†	1.6505 - 1.6725	1.6510 - 1.6520	2.45-2.00cpm	16.17	5.20-4.60pm	11.87
Canada	1.2705 - 1.2790	1.2770 - 1.2780	0.51-0.57cdis	-5.07	1.18-1.32dis	-3.91
Netherlands	1.7620 - 1.7935	1.7920 - 1.7930	0.81-0.84cdis	-5.52	2.15-2.20dis	-4.85
Belgium	32.25 - 32.85	32.75 - 32.85	13.50-16.50cdis	-5.49	36.00-41.00dis	-4.70
Denmark	6.0990 - 6.2100	6.1950 - 6.2000	3.45-4.50oredis	-7.60	9.50-11.00dis	-6.62
Germany	1.5665 - 1.5950	1.5930 - 1.5940	0.84-0.85pfdis	-6.36	1.97-1.99dis	-4.97
Portugal	139.85 - 144.80	144.25 - 144.35	200-400cdis	-24.95	500-700dis	-16.63
Spain	112.25 - 114.15	114.00 - 114.10	108-116cdis	-11.89	300-330dis	-11.05
Italy	1360.00 - 1377.25	1375.25 - 1375.75	12.00-14.00liredis	-11.34	38.00-39.00dis	-10.76
Norway	6.3750 - 6.5100	6.4500 - 6.4550	3.75-4.50oredis	-7.67	10.00-11.50dis	-6.66
France	5.3100 - 5.3975	5.3925 - 5.3975	3.35-3.75cdis	-7.90	7.80-8.30dis	-5.97
Sweden	6.4525 - 6.7100	6.7025 - 6.7075	4.50-5.80oredis	-9.22	14.00-16.00dis	-8.95
Japan	123.25 - 124.25	124.10 - 124.20	0.05-0.07ydis	-0.58	0.06-0.03pm	0.14
Austria	11.0475 - 11.2000	11.1900 - 11.1950	5.52-5.92grodis	-6.13	12.90-14.00dis	-4.81
Switzerland	1.4015 - 1.4340	1.4315 - 1.4325	0.34-0.38cdis	-3.02	0.94-1.00dis	-2.71
Ecu	1.2290 - 1.2480	1.2310 - 1.2320	0.78-0.73cpm	7.36	2.03-1.96pm	6.48

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Nov 20	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	7⅛ - 7	7 - 6¾	7¼ - 7⅛	7⅛ - 7⅛	6⅞ - 6⅞	6⅞ - 6⅞
US Dollar	2⅞ - 2¾	3⅛ - 3⅛	3⅛ - 3⅛	3⅞ - 3⅞	3⅞ - 3⅞	4⅛ - 4⅛
Can. Dollar	7⅞ - 7⅝	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞
Dutch Guilder	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅝ - 8½	8 - 7⅞
Swiss Franc	5⅞ - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛	6 - 5⅞
D-Mark	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8 - 7⅞
French Franc	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9 - 8⅞
Italian Lira	15 - 13	14⅞ - 14	14⅞ - 14	14⅞ - 13⅞	13⅞ - 13⅞	13⅞ - 13⅞
Belgian Franc	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 7⅞
Yen	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞
Danish Krone	10⅞ - 9⅞	11 - 10	11 - 10⅞	11 - 10⅞	10 - 9⅞	10 - 9⅞
Asian $Sing	1⅞ - 1⅞	1⅞ - 1⅞	1⅞ - 1⅞	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞
Spanish Peseta	13⅞ - 13⅞	14⅞ - 13⅞	14⅞ - 13⅞	14⅞ - 13⅞	13⅞ - 13⅞	13⅞ - 13⅞
Portuguese Esc	16 - 15	18⅞ - 16⅞	17⅞ - 16⅞	16⅞ - 15⅞	15⅞ - 14⅞	15 - 14

Long term Eurodollars: two years 5-4⅞ per cent; three years 5⅞-5½ per cent; four years 6⅛-6 per cent; five years 6⅛-6⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov.20	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.520	2.422	188.7	8.202	2.177	2.725	2091	1.944	49.85	173.5	1.236
$	0.658	1	1.593	124.1	5.396	1.432	1.793	1376	1.279	32.80	114.1	0.813
DM	0.413	0.628	1	77.91	3.386	0.899	1.125	863.3	0.803	20.58	71.64	0.510
YEN	5.299	8.055	12.84	1000.	43.47	11.54	14.44	11081	10.30	264.2	919.4	6.545
F Fr.	1.219	1.853	2.953	230.1	10.	2.654	3.322	2549	2.370	60.78	211.5	1.506
S Fr.	0.459	0.698	1.113	86.68	3.768	1	1.252	960.5	0.893	22.90	79.70	0.567
N Fl.	0.367	0.558	0.889	69.25	3.010	0.799	1	767.3	0.713	18.29	63.67	0.453
Lira	0.478	0.727	1.158	90.24	3.923	1.041	1.303	1000.	0.930	23.84	82.97	0.591
C$	0.514	0.782	1.246	97.07	4.219	1.120	1.402	1076	1	25.64	89.25	0.635
B Fr.	2.006	3.049	4.859	378.5	16.45	4.367	5.466	4195	3.900	100.	348.0	2.477
Pta	0.576	0.876	1.396	108.8	4.727	1.255	1.571	1205	1.120	28.73	100.	0.712
Ecu	0.810	1.231	1.961	152.8	6.641	1.763	2.206	1693	1.574	40.36	140.5	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
96	3-62	4-01	0	0-40
97	2-62	3-20	0	0-56
98	2-00	2-41	0-02	1-13
99	1-03	2-03	0-05	1-39
100	0-15	1-36	0-17	2-07
101	0-02	1-09	1-04	2-45
102	0	0-52	2-02	3-24
103	0	0-36	3-02	4-08

Estimated volume total, Calls 1382 Puts 3489
Previous day's open int. Calls 36970 Puts 70030

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9050	0.93	2.01	0	0.01
9075	0.69	1.77	0.01	0.02
9100	0.46	1.53	0.03	0.03
9125	0.26	1.30	0.08	0.05
9150	0.12	1.07	0.19	0.07
9175	0.06	0.85	0.38	0.10
9200	0.03	0.66	0.60	0.16
9225	0.02	0.48	0.84	0.23

Estimated volume total, Calls 12656 Puts 5090
Previous day's open int. Calls 169121 Puts 110734

LIFFE EURO SWISS FRANC OPTIONS
SFR 1m points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9350	0.35	0.87	0.19	0.19
9375	0.19	0.68	0.30	0.25
9400	0.11	0.52	0.47	0.34

Estimated volume total, Calls 0 Puts 305
Previous day's open int. Calls 1820 Puts 6504

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	99-31	100-13	99-22	100-02
Mar	99-14	99-11	99-07	99-15

Estimated volume 25569 (34405)
Previous day's open int. 53749 (50668)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	Close	High	Low	Prev.
Dec	103-20	103-21	103-18	103-24
Mar	102-15			102-19

Estimated volume 109 (246)
Previous day's open int. 1055 (1129)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Dec	91.56	91.69	91.34	91.30
Mar	92.07	92.10	91.90	91.83

Estimated volume 73484 (65366)
Previous day's open int. 154831 (157045)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Dec	108.03	108.18	108.08
Mar	107.41	107.53	107.41

Estimated volume 714 (976)
Traded exclusively on APT

12% NOTIONAL ITALIAN GOVT. BOND (BTP) *
LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Dec	94.55	94.65	93.62	94.69
Mar	95.10	95.11	94.20	95.20

Estimated volume 13248 (7976)
Previous day's open int. 26961 (26854)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Dec	93.10	93.15	93.05	93.10
Mar	93.78	93.83	93.69	93.76
Jun	93.97	94.02	93.91	93.97
Sep	93.79	93.84	93.74	93.80
Dec	93.51	93.55	93.47	93.51
Mar	93.21	93.21	93.15	93.19

Est. Vol (inc. figs. not shown) 30734 (33391)
Previous day's open int. 249957 (251235)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Dec	96.00	96.02	96.00	96.12
Mar	96.11	96.14	96.10	96.25
Jun	95.73			95.84
Sep	95.32	95.33	95.33	95.41

Est. Vol. (inc. figs. not shown) 1384 (2310)
Previous day's open int. 28564 (28667)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Dec	91.43	91.60	91.34	91.35
Mar	92.50	92.58	92.38	92.36
Jun	93.12	93.20	93.00	93.00
Sep	93.50	93.43	93.36	93.37
Dec	93.56	93.60	93.48	93.49
Mar	93.85	93.85	93.70	93.73

Estimated volume 115125 (92222)
Previous day's open int. 433089 (423977)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	90.12	90.12	90.02	90.11
Mar	91.39	91.39	91.25	91.33
Jun	92.06	92.04	91.95	91.98
Sep	92.35	92.35	92.35	92.28

Estimated volume 1817 (1324)
Previous day's open int. 12768 (12898)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Dec	93.64	93.90	93.60	93.56
Mar	94.18	94.50	94.14	94.15
Jun	94.65	94.78	94.65	94.69
Sep	94.77	94.85	94.85	94.82

Estimated volume 14525 (18613)
Previous day's open int. 41337 (42934)

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Dec	86.08	86.16	85.60	86.09
Mar	87.67	87.75	87.40	87.55
Jun	88.06	88.10	88.05	87.90
Sep	88.25			88.25

Estimated volume 1978 (1166)
Previous day's open int. 22986 (22763)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Dec	2731.0	2760.0	2710.0	2717.0
Mar	2771.0	2769.0	2737.0	2737.5
Jun	2787.0			2753.0

Estimated volume 8597 (7420)
Previous day's open int. 42166 (42733)

* Contracts traded on APT. Closing prices shown.

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
100	3-40	3-20	0	0-54
101	2-40	2-41	0	1-11
102	1-40	2-03	0	1-37
103	0-40	1-34	0	2-04
104	0	1-08	0-24	2-42
105	0	0-52	1-24	3-22
106	0	0-36	2-24	4-06
107	0	0-25	3-24	4-59

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 1570 Puts 1590

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9300	1.55	2.84	0	0.74
9350	1.05	2.50	0	0.90
9400	0.55	2.19	0	1.09
9450	0.05	1.90	0	1.30
9500	0	1.64	0.45	1.54
9550	0	1.40	0.95	1.80
9600	0	1.18	1.45	2.08
9650	0	0.99	1.95	2.39

Estimated volume total, Calls 1107 Puts 730
Previous day's open int. Calls 17750 Puts 11369

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	103-21	103-22	103-16	103-24
Mar	102-16	102-17	102-13	102-19
Jun	101-07	101-10	101-07	101-13
Sep	100-05	100-05	100-05	100-08
Dec	99-06	-	-	99-06
Mar	98-07	-	-	98-07
Jun	97-10	-	-	97-10
Sep	96-15	-	-	96-15
Dec	95-22	-	-	95-22

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	96.76	96.76	96.75	96.77
Mar	96.61	96.62	96.59	96.65
Jun	96.29	96.30	96.29	96.34
Sep	95.94	-	-	95.94

BRITISH POUND (IMM)
$s per £

	Latest	High	Low	Prev
Dec	1.5262	1.5332	1.5232	1.5332
Mar	1.5146	1.5160	1.5110	1.5220
Jun	1.5050	1.5060	1.5030	1.5126

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev
Dec	0.7021	0.7105	0.6992	0.7032
Mar	0.6960	0.7045	0.6952	0.6986
Jun	0.6947	-	-	0.6947

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
1.550	1.52	2.66	3.20	-	3.79	5.36	6.24	-
1.575	0.85	1.95	2.40	2.83	5.62	7.15	7.88	-
1.600	0.38	1.21	1.73	2.17	7.66	8.89	9.70	10.40
1.625	0.15	0.78	1.20	1.61	9.93	10.95	11.63	12.33
1.650	0.05	0.47	0.81	1.13	12.25	13.14	13.73	14.37
1.675	0.02	0.27	0.53	-	14.69	15.37	15.93	16.51
1.700	0.01	0.13	0.32	0.54	17.20	17.77	18.36	18.78

Previous day's open int. Calls 596,934 Puts 635,082 (All currencies)
Previous day's volume: Calls 16,914 Puts 16,696 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	† Yield	† Open int.
December	110.26	110.70	+0.04	110.72	111.20	8.37	185,243
March	111.02	111.50	+0.10	111.50	111.96	8.27	81,250
June	111.38	111.38	+0.12	111.88	114.00	8.22	15,623

Estimated volume 187,731 † Total Open Interest 283,316

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

December	90.51	90.66	-0.11	90.70	90.50	9.23	37,422
March	91.56	91.77	-0.01	91.78	91.56	8.22	62,039
June	92.11	92.38	-	92.40	92.11	7.62	26,908
September	92.40	92.60	+0.02	92.64	92.38	7.42	16,570

Estimated volume 84,555 † Total Open Interest 155,344

CAC-40 FUTURES (MATIF) Stock Index

November	1730.0	1739.0	+4.00	1747.0	1710.0	-	18,993
December	1737.0	1753.5	+4.00	1761.0	1729.0	-	9,252
January	1752.0	1767.5	+4.50	1757.0	1752.0	-	2,050
March	1784.0	1795.0	+4.00	1798.0	1780.5	-	3,167

Estimated volume 15,592 † Total Open Interest 38,805

ECU BOND (MATIF)

December	107.10	107.42	-0.08	107.42	107.00	8.82	10,536

Estimated volume 7,613 † Total Open Interest 14,183

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
108	2.70	-	-	-	0.17	-
109	-	-	-	-	0.23	-
110	0.75	2.04	-	0.02	0.39	-
111	0.16	1.40	-	0.08	0.52	0.94
112	0.03	0.87	-	0.40	0.95	-
Open int.	221,747	163,315	18,612	233,933	116,785	18,380

Estimated volume 38,703 † Total Open Interest 764,772
† All Yield & Open interest figures are for the previous day

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9000	1.56	2.17	0	0.10
9050	1.07	1.75	0.01	0.18
9100	0.58	1.35	0.02	0.28
9150	0.18	1.01	0.12	0.44
9200	0.02	0.73	0.46	0.66
9250	0	0.49	0.94	0.92
9300	0	0.33	1.44	1.26
9350	0	0.22	1.94	1.65

Estimated volume total, Calls 8372 Puts 3873
Previous day's open int. Calls 152859 Puts 127324

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9225	0.86	1.56	0.01	0.03
9250	0.62	1.32	0.02	0.04
9275	0.40	1.09	0.05	0.06
9300	0.22	0.88	0.12	0.10
9325	0.11	0.67	0.26	0.14
9350	0.06	0.48	0.46	0.20
9375	0.03	0.33	0.68	0.30
9400	0.01	0.22	0.91	0.44

Estimated volume total, Calls 3029 Puts 1542
Previous day's open int. Calls 156202 Puts 150461

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev
Dec	0.8080	0.8091	0.8075	0.8099
Mar	0.8084	0.8094	0.8084	0.8106
Jun	0.8116	-	-	0.8116

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev
Dec	0.6287	0.6354	0.6275	0.6334
Mar	0.6210	0.6224	0.6208	0.6260
Jun	0.6160	0.6160	0.6160	0.6201
Sep	0.6157	-	-	0.6157

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	96.02	96.04	95.99	96.05
Mar	96.14	96.15	96.10	96.18
Jun	95.75	95.76	95.71	95.79
Sep	95.34	95.34	95.31	95.38
Dec	94.69	94.69	94.66	94.72
Mar	94.45	94.45	94.43	94.48
Jun	94.07	94.07	94.04	94.10
Sep	93.77	93.77	93.75	93.80

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev
Dec	425.05	425.50	423.80	423.45
Mar	426.05	426.40	424.75	424.20
Jun	425.90	426.80	425.50	424.90
Sep	427.95	427.95	426.65	425.90

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5205	1.5154	1.5082	1.4990	1.4855

MONEY MARKET FUNDS

Money Market Trust Funds

Gross | Net | Gross CAR | Int Cr

CAF Money Management Co Ltd
48 Pembury Road, Tonbridge TN9 2JD 0732 770114
Cafcash Deposit Fund 6.71 | - | 6.90 | 3-Mth
Deposits Over £1 million 6.83 | - | 7.02 | 3-Mth
Deposits Over £2 million 6.93 | - | 7.11 | 3-Mth

The COIF Charities Deposit Account
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit 7.25 | - | 7.45 | 3-Mth

Cent. Bd. of Fin. of Church of England
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit 7.30 | - | 7.50 | 3-Mth

Gartmore Money Management Ltd
16-18 Monument St, London EC3R 8QQ 071-236 1425
TESSA Desk 071-236 9302
Call Fnd 6.20 | 4.65 | 6.29 | 6-Mth
7-day Fund 6.30 | 4.72 | 6.39 | 6-Mth
Special Fund 6.11 | 4.58 | 6.21 | 1-Mth
Dollar 1.96 | 1.47 | 1.97 | 3-Mth
TESSA Prime 7.01 | - | 7.20 | 3-Mth

Money Market Bank Accounts

Gross | Net | Gross CAR | Int Cr

AIB Bank High Interest Cheque Account
Belmont Rd, Uxbridge UB8 1SA 0800 282115
£2,500-£9,999 3.25 | 2.44 | 3.29 | Qtr
£10,000+ 4.70 | 3.52 | 4.79 | Qtr

Aitken Hume Bank plc
30 City Road EC1Y 2AY 071-638 6070

Allied Trust Bank Ltd
97-101 Cannon St, London EC4N 5AD 071-626 0879

American Express Bank Ltd
Sussex House, Burgess Hill, West Sussex RH15 9AW 0444 232444
High Performance Cheque Account

Bank of Ireland High Interest Cheque Acc
36-40 High St, Slough SL1 1EL 0753 516516
£10,000+ 5.25 | 3.94 | 5.35 | Qtr
£2,000-£9,999 5.00 | 3.75 | 5.10 | Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH 071-628 6486
£25,000+ 5.88 | 4.41 | 6.04 | Qtr

Bank of Wales - Business Accounts
Kingsway, Cardiff CF1 4YB 0222 229922

Coutts & Co
Sterling Account
15 Lombard St, London EC3V 9AU 071-623 1010
For personal customers
£50,000+ 5.00 | 3.75 | 5.10 | Qtr
£20,000-£49,999 4.50 | 3.375 | 4.58 | Qtr
£5,000-£19,999 4.00 | 3.00 | 4.06 | Qtr
For businesses, charities and societies
£100,000-£1,000,000 4.50 | 3.375 | 4.58 | Qtr
£25,000-£99,999 4.25 | 3.19 | 4.32 | Qtr
£10,000-£24,999 3.50 | 2.625 | 3.55 | Qtr
Coutts Corporate Account for client money
27 Bush Lane, London EC4R 0AA 071-623 3434

Dao Heng Bank (London) PLC Premier Acc
071-631 3313

Davenham Tst Plc-Davenham 500 Acc
061 832 8484

Fidelity Money Market Account
£500,000+ Money Market Rates on request

Gartmore Money Management Ltd
16-18 Monument St, London EC3R 8QQ 071-236 1425

Halifax Bldg Soc Asset Reserve Cheque Acc
0422 335333

Julian Hodge Bank Ltd
10 Windsor Place, Cardiff CF1 3BX 0222 220800
Extra High Interest Deposit Account

Humberclyde Finance Group

Leopold Joseph & Sons Limited
29 Gresham Street, London EC2V 7EA 071-588 2323
Treasury High Interest Cheque Account

Kleinwort Benson Ltd

Lloyds Bank - Investment Account
71 Lombard St, London EC3P 3BS

Midland Bank plc
PO Box 2, Sheffield 0742 529394

NatWest Crown Reserve Account
41 Lothbury, London EC2P 2BP 0800 200 400

Nationwide Bldg Soc - BusinessInvestor

[illegible]

NOTES - Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

MONEY MARKETS

D-Mark futures rally

EUROMARK futures yesterday continued the strong rise of recent days as growing tensions in the European exchange rate mechanism added to speculation that there will be a further easing of German monetary policy, *writes James Blitz.*

The sterling cash market was a good deal quieter. Some period rates were slightly firmer despite the speedy removal of a large shortage forecast by the Bank of England.

The ERM tensions which followed the devaluation of the Swedish krona on Thursday continued to cause serious adjustments in European exchange rates and monetary policy yesterday. The Portuguese escudo was pushed towards its floor against the D-Mark, and the Irish authorities intervened to support the punt.

This prompted more intense speculation that the Bundesbank will cut interest rates before the end of the year to ease tensions.

One commercial bank dealer said that he would not be surprised to see an easing of 25 basis points in the rate at which the Bundesbank sets its repurchase agreements in forthcoming weeks. Mr Neil MacKinnon, chief economist at Citibank in London, believes that the week's events make it even more likely that there will be a 50 basis point cut in the Discount rate before the end of the year.

The December Euromark contract rose 9 basis points to a close of 91.45, while the March contract closed up 15 basis points to a close of 92.51. At this level, the markets are pricing in a fall of 34 basis points in the price of 3-month money before the end of the year.

Conversely, French franc futures fell sharply yesterday morning as the currency fell through the FFr3.39 level against the D-Mark. The December contract dropped 16 basis points to a low of 90.50, but later recovered with the currency to close unchanged at 90.66.

Sterling's suspension from the ERM meant that events on the continent continued to have little effect on money rates. However, some dealers interpreted the Bank of England's Quarterly Bulletin as giving slightly more cautious view on interest rates. "It is vital that a steady and stable transition to price stability be maintained," the Bank said.

This may have ben the reason why the December sterling contract fell back 5 basis points at the start of trading to a low of 93.05. Three month money closed 1/16 per cent firmer at 7¼ per cent offered.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.20) 3 months US dollars		6 months US Dollars	
bid 3½	offer 3⅝	bid 3⅝	offer 3¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime

Prime rate	6	One month	2.92	Three year	5.18
Broker loan rate	5	Two month	3.10	Five year	6.05
Fed.funds	2⅞	Three month	3.23	Seven year	6.47
Fed.funds at intervention	-	Six month	3.49	10-year	6.83
		One year	3.75	30-year	7.55
		Two year	4.62		

Nov 20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.70-8.80	8.85-8.95	8.85-9.00	8.80-8.95	8.45-8.60	9.50
Paris	9⅝-9⅞	9⅞-10	-	9⅞-9⅞	-	9.10
Zurich	5⅞-5⅞	6⅞-6⅞	-	6⅞-6⅞	-	-
Amsterdam	8.65-8.80	8.70-8.80	-	8.70-8.80	-	-
Tokyo	3⅞-3⅞	3⅞-3⅞	-	3⅞-3⅞	-	-
Milan	13⅞-13⅞	14⅞-14⅞	-	14⅞-14⅞	-	-
Brussels	8⅞-8⅞	8⅞-8⅞	-	8⅞-8⅞	-	-
Dublin	13⅞-13⅞	14⅞-14⅞	14⅞-14⅞	14⅞-14⅞	13-13⅞	-

LONDON MONEY RATES

Nov 20	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7	7⅛	7⅛	7⅛	6⅞	6⅞
Interbank Bid	5⅞	6⅞	7	7	6⅞	6⅞
Sterling CDs	-	-	7⅛	7⅛	6⅞	6⅞
Local Authority Deps.	7	7	7⅛	7⅛	6⅞	6⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6⅞	6⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	7⅛	7	6⅞	6⅞
Treasury Bills (Buy)	-	-	6⅞	6⅞	6⅞	-
Bank Bills (Buy)	-	-	6⅞	6⅞	6⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.09	3.48	3.56	3.93
SDR Linked Dep. Offer	-	-	5⅞	5⅞	5⅞	5⅞
SDR Linked Dep. Bid	-	-	5⅞	5⅞	5⅞	5⅞
ECU Linked Dep. Offer	-	-	10⅞	10⅞	9⅞	9⅞
ECU Linked Dep. Bid	-	-	10⅞	10	9⅞	8⅞

Treasury Bills (sell): one-month 6⅝ per cent; three months 6⅞ per cent; six months 6⅞ per cent; Bank Bills (sell): one-month 6⅞ per cent; three months 6⅝ per cent; Treasury Bills; Average tender rate of discount 6.4477 . ECGD Fixed Rate Sterling Export Finance. Make up day October 30 ,1992 . Agreed rates for period November 25, 1992 to December 25 , 1992, Scheme I: 9.77 p.c., Schemes II & III: 9.63 p.c. Reference rate for period October 1, 1992 to October 30 , 1992, Scheme IV&V: 8.454 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ from November 1 , 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 4⅝ per cent; one-three months 7 per cent; three-six months 6⅝ per cent; six-nine months 6⅝ per cent; nine-twelve months 6 per cent; Under £100,000 4⅝ per cent from Oct 20, 1992. Deposits withdrawn for cash 4 per cent.

BANK RETURN

BANKING DEPARTMENT	Wednesday November 18, 1992	Increase or decrease for week	
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	1,433,022,776	-	464,267,652
Bankers Deposits	1,569,217,501	+	11,154,132
Reserve and other Accounts	3,978,883,909	+	199,925,250
	6,995,677,186	-	253,188,284
ASSETS			
Government Securities	1,548,421,175	+	300,375,000
Advance and other Accounts	3,385,901,004	-	125,981,715
Premises Equipment & other Secs	2,057,411,204	-	421,488,946
Notes	3,770,793	-	6,085,624
Coin	173,010	-	8,979
	6,995,677,186	-	253,188,284
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,286,229,207	+	46,085,624
Notes in Banking Department	3,770,793	-	6,085,624
	16,290,000,000	+	40,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	6,394,631,848	-	11,634,987
Other Securities	9,884,353,052	+	51,634,987
	16,290,000,000	+	40,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	7	Credit Lyonnais	7	McDonnell Douglas Bnk	7
Allied Trust Bank	8	Cyprus Popular Bk	7	Midland Bank	7
AIB Bank	7	Duncan Lawrie	7	Mount Banking	8
● Henry Ansbacher	7	Equatorial Bank plc	7	NatWestminster	7
B & C Merchant Bank	13	Exeter Bank Limited	8.5	Northern Bank Ltd	7
Bank of Baroda	7	Financial & Gen. Bank	8	Nykredit Mortgage Bank	8.5
Banco Bilbao Vizcaya	7	● Robert Fleming & Co.	7	● Rea Brothers	7
Bank of Cyprus	7	Girobank	7	Roxburghe Bank Ltd.	10
Bank of Ireland	7	● Guinness Mahon	7	Royal Bk of Scotland	7
Bank of India	7	Habib Bank AG Zurich	7	● Smith & Williamson Secs.	7
Bank of Scotland	7	● Hambros Bank	7	Standard Chartered	7
Banque Belge Ltd	7	Hampshire Trust Plc	13.5	TSB	7
Barclays Bank	7	Heritable & Gen Inv Bnk.	7	Unibank plc	7
Brit Bk of Mid East	7	● Hill Samuel	7	● United Bk of Kuwait	8
● Brown Shipley	7	C. Hoare & Co.	7	Unity Trust Bank Plc	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Western Trust	7
Citibank NA	7	Julian Hodge Bank	7	Whiteaway Laidlaw	7
City Merchants Bank	8	● Leopold Joseph & Sons	7	Yorkshire Bank	7
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7				

● Members of British Merchant Banking & Securities Houses Association.

Continued from page 14.

Aston Villa Football Club PLCOrd £5(1 vote) - £30 (13No92)
Barclays Investment Fund(C.I.)Sterling Bd Fd - £0.448
Biocure Holdings PLCOrd 1p - £0.68 0.7 (18No92)
Channel Islands Comm (TV) LdOrd 5p - £0.23
Chemical/Chemicals/Chemical Unit - £1.748 (17No92)
Conister Trust LdOrd 25p - £0.22 (18No92)
Gander River Resources PLCOrd 5p - £0.02 (17No92)
Grampian Television PLCOrd 10p - £1.45 (13No92)
Greig Fester Group LdOrd 10p - £3¼
Guernsey Gas Light Co LdOrd 10p - £0.49 (18No92)
Henry Cooke Group PLCOrd 10p - £0.2975 0.3025 (18No92)
Kleinwort Benson(Int) Fund Man Japanese Fund - $0.5686◆
KB Gilt Fund - £16.63 (17No92)
Strategic Inv Fd - £1.138
Int Equity Gwth Inc - £2.138 (18No92)
Lawrie Group PLCOrd £1 - £19 19½ (17No92)
Le Riche's Stores LdOrd £1 - £2.18 2.2
Merrett Hldgs PLCOrd 10p - £0.3 0.35 (18No92)
Newspaper Publishing PLCOrd 1p - £1.5575 (17No92)
Pan Andean Resources PLCOrd 1p - £0.0475
Rangers Football Club PLCOrd 10p - £0.9 1.1
D Deb Stk £1500 - £700 (13No92)
C Deb Stk £1500 - £1600 (17No92)
Regent Inns PLCOrd 25p - £0.78
Rothschild Asset Management(CI) Old Court Major UK Co's Fund - £0.9342 (16No92)
St.Austell Brewery Co Ld5% 1st Cum Prf £1 - £0½ (16No92)
Schroder Management Services(Guern) Schroder European Bond - £7.347038◆
Scots Holdings PLCOrd 10p - £8.05 (13No92)
Select Industries PLCOrd 2½p - £0.03 (13No92)
Shepherd Neame Ld"A" Ord £1 - £4.27 4.35
Southern Newspapers PLCOrd £1 - £2½ 2.55 2.6
Tadpole Technology PLCOrd 10p - £0.65 0.67
Thwaites(Daniel)& Co PLCOrd 25p - £1.65 (17No92)
Vasp Entertainment PLCOrd 5p - 0½ (16No92)
Westable Ld"A" Non.V Ord 25p - £11.36 11.4

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 3197

Treasury 13¼% Stk 2000/03 - £131
Exchequer 10½% Stk 2005 - £114¾
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £125¾ 6¾

Corporation and County Stocks

No of bargains included 3

London County 2½% Cons Stk 1920(or after) - £25½ (16No92)
Birmingham Corp 3½% Stk 1946(or after) - £34 (17No92)
Birmingham District Council 11½% Red Stk 2012 - £114
Bristol Corp Deb Stk (3½%) - £33¾

...

Simpsons of Cornhill PLC Ord 5p - 34 (16No92)
Tepnel Diagnostics PLC Ord 1p - 178
Total Systems PLC Ord 5p - 55 (18No92)
URS International Inc Shs of Com Stk $0.01 - 0½
Union Square PLC Ord 1p - 3 (16No92)
Verity Group PLC Ord 5p - 10½

Rule 535(2)

No. of bargains included 63

Adnams & Co PLC "B" Ord £1 - £16¾ (16No92)
African Gold PLC Ord 1p - £0.11 0.115
Airedale Hldgs PLC "A" Non-Vtg Cnv 1p - £0.000002
All England Lawn Tennis Ground Ld Deb 91/95 £2000 - £12250 13000 (18No92)
Amalgamated Metal Corp PLC 6% Cum Prf £1 - £0.385 (13No92)
Ann Street Breweries Co Ld Ord £1 - £2.05 (18No92)
Arsenal Football Club PLC Ord £1 - £260
Asset Global Funds International Bond - £5.7597 (18No92)

Continued on page 13.

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Keystone International $24.0 (18.11)
Kulim Malaysia Ord 30.0 (18.11)
Kulim Malaysia Ord (Malay Ord) M$1.496 (13.11)
Oil Search A$0.65
Playboy Enterprises £3.75 (17.11)
Singapore Land S$3.86 (16.11)
Storer Communications $K205.0
United Overseas Land S$1.356 (18.11)

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LONDON STOCK EXCHANGE

FT-SE Index peak attacked again

By Terry Byland, UK Stock Market Editor

ONCE AGAIN, the UK stock market bounced successfully off its support level, moving ahead strongly towards the close on news of favourable progress at the GATT talks in Washington, to close within a whisker of the all-time peak reached in May. Trading volume remained high, underlining the return to profitable levels of activity recorded since Britain quit the European exchange rate mechanism in September.

Reports of a GATT deal inspired sharp rises in food and brewery stocks which were threatened by the prospect of an international clash on agricultural product pricing. Among the internationals, Unilever stood out well and firmness in the US dollar helped the rest of the blue chip sector.

Equities opened cautiously, discouraged by confirmation overnight of savage workforce cutbacks at British Rail and in the UK building industry.

An early rally was not held and the FT-SE Index repeated Thursday's initial trend to slip to within two points of 2,700 as doubt was cast over Thursday's hints that rates cuts in German rates might come sooner than expected.

But this level again brought out buying support and when stock index futures began to move higher – following news that the GATT talks had successfully achieved agreement on an agricultural trade agreement – share prices rose very sharply.

At best the FT-SE Index *touched 2,732.9 before closing* at 2,732.4, a net rise of 26.2 on the day. Traders sounded ebullient at the close and hoped that, as the GATT news is absorbed, the Footsie will shortly challenge the closing peak of 2,737.8 and trading peak of 2,744.5, both reached on May 11 when the market was still responding to the re-election of Mr John Major's Conservative government.

This week, the Footsie has gained *nearly 2 per cent*, helped both by more favourable views on the GATT talks and also by news of unexpectedly better UK retail sales in October. Trading volume has also recovered after a brief pause at the beginning of the week. Yesterday's Seaq total of 545.7m shares traded compared *with 659.3m on Thursday*, when retail business was worth £1.2bn.

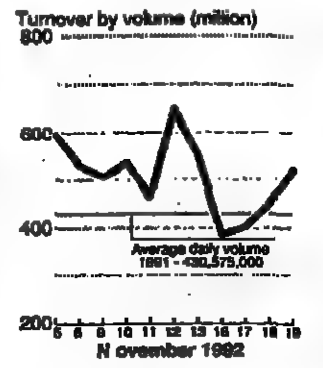
UK government bonds, about ¼ easier for most of the session as investors continued to worry about public funding prospects, steadied on reports from the GATT talks.

● After falling away briefly at the beginning of the week, retail business has recovered to regain the average levels of the past two months.

Account Dealing Dates		
First Dealings:		
Nov 2	Nov 16	Nov 30
Option Declarations:		
Nov 12	Nov 26	Dec 10
Last Dealings:		
Nov 13	Nov 27	Dec 11
Account Day:		
Nov 23	Dec 7	Dec 21

*New time dealings may take place from 8.00am two business days earlier.

London SE volume



Retailers busy on bid hopes

ACQUISITION rumours swirled around retailer Kingfisher yesterday, sending the shares into reverse as investors worried about the potentially diluting effects of any funding requirements. Early talk centred on Kwik Fit, sending shares in the automotive parts group racing forward and forcing its board to issue a statement saying it knew of no reason for the price movement. The shares had jumped 10.5p on Thursday and a further 8.5p yesterday to close at 97p.

Analysts were mostly sceptical about the Kwik Fit speculation, arguing that Kingfisher's earlier attempts to break into the automotive parts market had not been a great success. Also the company had privately said on a number of occasions it would not bid for Kwik Fit, one of the market's bid favourites.

However, the rise in Kwik Fit's shares was offset by a stronger rumour that Kingfisher was considering buying a 32 per cent stake in the leading French DIY group, Castorama. Carrefour, which owns the shares, was said to have confirmed to analysts yesterday that its holding was up for sale. Castorama, which is capitalised at around £700m, turned over FFr5.7bn in the first half of this year making pre-tax profits of FFr88.9m. It holds 13 per cent of the French DIY market. A potential buyer would have to pay in the region of £250m if it were to buy the Carrefore stake.

A full bid for Castorama is thought unlikely. One fifth of the shares are family-controlled and a further 5 per cent owned by employees. Kingfisher, which owns the UK's leading DIY group, B&Q, is known to want to expand its European operations. However, the takeover talk unsettled investors with worries over the cost of particularly the Kwik Fit venture, and Kingfisher shares fell 8 to 558p.

Rolls-Royce weak

A substantial downgrading of its profit forecast for Rolls-Royce by the company's own brokerage house drove stock in the aerospace engineering group to a post-privatisation low. The new estimates from broker Hoare Govett are believed to be at the lower end of the market's range and the shares fell 9 before closing a net 4½ lower at 96½p. Turnover of 16m shares was among the heaviest in the London market and Rolls was also the most actively traded stock option in the derivatives market.

Hoare has cut its forecast for the current year by £20m to £50m and for 1993 by £35m to £80m. It has also raised questions about the fate of the dividend. The house believes that R&D costs will remain high while the outlook for spares sales, civil engine orders military orders and overall turnover in the aerospace industry continues to prompt concern. BZW was said to have cut its dividend forecast to 5.1p per share from 7.25p.

Fisons trimmed

Pharmaceutical group Fisons dropped 10 to 200p on turnover of 8.8m shares with a forecast review from Japanese securities house Nomura contributing to weakness in the stock. A new pharmaceuticals team at Nomura has decided that estimates for Fisons were lagging the market view. While unwilling to comment yesterday, the team is believed to have reduced its 1992 profit forecast of £130m to £100m, around the bottom of the range. There was also talk that Goldman Sachs had been a seller but the US house said it had not changed its recommendation or its forecast.

The Gatt agreement reversed an early decline in the shares of drinks stocks with international exposure. Allied Lyons, closed 14 ahead at 655p, Grand Metropolitan added 6 to 414p, and Guinness jumped 7 to 544p.

In-depth research of the UK newspaper industry by integrated securities house S.G. Warburg benefited United Newspapers. The shares lifted 7 to 466p as Warburg reinforced its buy stance on the stock as part of a sector review discussed with clients yesterday. The house also liked Daily Telegraph, which added 4 at 317p.

Various rumours of increased competition gave some dealers the chance to offload an overhang of Carlton Communications and sell the shares down 18 to 709p. Full-year profits on December 8 are expected to be impressive but some analysts were arguing that after Wellcome and Glaxo Carlton had the highest price/earnings ratio in the FT-SE 100 index and the rating was not justified. Meanwhile Wellcome lifted 18 to 1024p and Glaxo rose 12 to 825p, both on a stronger US dollar.

Retailer Dixons fell back 5 to 231p after UBS Phillips & Drew issued a sell recommendation, highlighting worries over the effects of devaluation of sterling on the company's costs.

Albert Fisher was the biggest traded stock in the market, turning over 17m shares, the shares rising 4 to 57p. SG Warburg was again said to be pushing the stock.

British Gas shrugged off the debilitating effects of higher than expected third-quarter numbers announced on Thursday and raced higher in the wake of determined buying said to have emanated from Continental institutions.

At the close Gas shares were 7 higher at 286½p. Energy specialists said the shares were viewed by European investors as offering an exceptionally attractive prospective yield.

BP edged up 2½ to 232p on 4.2m traded and Shell 7 to 545p on 2.6m, helped by an upturn in crude oil prices. Enterprise Oil jumped 9 to 449p, also stimulated by hints of strong European buying.

Aitken Hume, the banking and investment management group, surprised the market by announcing it was involved in talks that could lead to a bid for the company. Aitken shares rocketed 14 to 49p on the news.

An agency cross of 4.7m shares at 245p a share had little impact on London & Manchester which eased 2 to 248p.

Hints that about 2m shares were on offer early in the day upset Blue Circle Industries. The shares dipped to 171p but later picked up to close only 3 easier at 174p with dealers convinced that a bid for the group may well appear.

Simon Engineering jumped 20 to 99p amid speculation of a possible bid or that the group has found a buyer for one of its businesses. However, some analysts said the stock was higher because it had been oversold.

The price of Caird Group halved after the environmental services company warned of lower results in the second half. Caird added that it was unlikely to pay a final dividend, after a first half 1.33p per share payout. The shares slumped 16 to 17p.

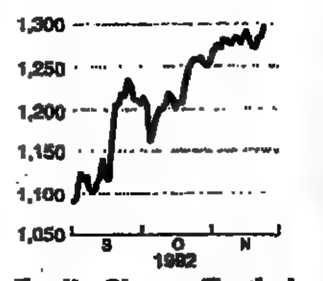
The Caird profits warning unsettled water stocks with waste disposal interests. Among these Severn Trent, which owns the Biffa waste disposal business, ran back 4 to 472p. Yorkshire Water eased 2 to 529p and Wessex eased to 589p.

Container leasing group Tiphook rebounded 19 to 239p after US investment bank Lehman Brothers raised its rating on the company to a buy from outperform.

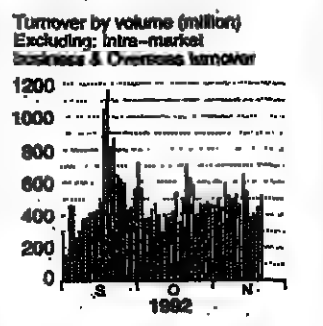
MARKET REPORTERS:
Steve Thompson,
Christopher Price,
Peter John.

■ Other market statistics, Page 11

FT-A All-Share Index



Equity Shares Traded



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (88).
NEW HIGHS (79).
AMERICANS (2) Lockheed, Southwestern Bell, BANKS (1) Abbey Natl., BREWERS & DISTILLERS (2) Bulmer (HP), Kirin, BUSINESS SERVICES (2) Chubb Security, Willis, CHEMICALS (2) Evode 7p Pf., Schering, CONTRACTING & CONSTRUCTION (1) [illegible], ELECTRICITY (1) Scot. Power, ELECTRONICS (2) Siemens, [illegible], ENGINEERING GENERAL (3) FKI, Hobson, Vosper, FOOD MANUFACTURING (1) Dalgety, FOOD RETAILING (2) Iceland Frozen, Morrison (Wm) 5¼pc Pf., HEALTH & HOUSEHOLD (4) AAH, Amersham, Huntleigh Tech., Smith & Nephew, INSURANCE BROKERS (1) Berry Birch, INSURANCE COMPOSITE (2) Aegon, Gen. Accident, INSURANCE LIFE (3) Britannic, Transatlantic, Do 8 5pc Pf., INVESTMENT TRUSTS (26) Anglo & Overseas, Brit. Assets, CST Emrg. Asia, Drayton Blue Chip Zero Pf., ECU Wts., Flmg. Amer., Gartmore Euro., Govett Amer. Smllr. Co's, Hong Kong Wts., London Amer. Venture, Murray Inc., Do B, New Zealand, Rolinco N/V, Do Sub Shs., Second Alliance, Select Assets ULS '13, Do Series II, US Smllr. Co's, Do Wts. MEDIA (6) Central ITV, Metal Bulletin, News Intl., Reuters, Sterling Publsg., Utd. News., MISCELLANEOUS (2) BAT Inds., Frost, MOTORS (1) First Tech., OIL & GAS (1) Brit. Gas, OTHER FINANCIAL (2) Aitken Hume, Perpetual, OTHER INDUSTRIAL MATERIALS (1) Scapa, PACKAGING, PAPER & PRINTING (2) Filofax, Portals, PROPERTY (3) Embassy, Helical Bar 5¼pc Pf '12, STORES (3) Burton, Fine Art Dev., Criterion, TRANSPORT (1) GATX, MINES (1) Haven Res.

NEW LOWS (88).

AMERICANS (1) IBM, CANADIANS (1) Brascan, BREWERS & DISTILLERS (2) Macdonald Martin A, Macleay Clark, BUILDING MATERIALS (1) CRH, BUSINESS SERVICES (3) Bridgend, Corp. Services, Gardiner, CHEMICALS (2) Caird, Do 7p Pf. '09, CONGLOMERATES (1) Hanson Wts., ELECTRONICS (2) P & P, TGI, ENGINEERING AEROSPACE (1) Rolls-Royce, ENGINEERING GENERAL (2) Bullough, Hall, FOOD RETAILING (1) Appleby Westward, HEALTH & HOUSEHOLD (1) Specialeyes, INSURANCE LIFE (1) Irish Life, INVESTMENT TRUSTS (2) I & S UK Smllr. Co's., SPLIT Inc., MEDIA (3) Metro Radio, Trans World Comms., Yorks. Tyne-Tees TV, MISCELLANEOUS (1) [illegible], PACKAGING, PAPER & PRINTING (2) PrinTech, Stat-Plus, PROPERTY (2) Bolton, YRM, STORES (1) Dunhill, TEXTILES (3) Carrapri, Foster (J), Martin Intl., TRANSPORT (1) Sealleid, SOUTH AFRICANS (1) Barlo Rand, MINES (3) Gencor, Realson, Zandpan.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	4	58	17	113	205	77
Other Fixed Interest	0	15	0	14	40	21
Commercial, Industrial	302	220	899	1,332	1,247	4,528
Financial & Property	224	71	508	713	748	2,550
Oil & Gas	21	14	49	86	84	250
Plantations	2	0	7	3	1	41
Mines	33	20	91	111	154	459
Others	35	43	38	178	221	180
Totals	621	441	1,609	3,350	2,700	8,106

FT-SE Actuaries Share Indices — THE UK SERIES

	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2732.4	2706.2	2704.0	2679.2	2673.6	2456.2	2737.8	2281.0	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Mid 250	2623.4	2618.5	2610.9	2598.0	2595.7	2420.9	2825.8	2157.8	2825.8 (20/5/92)	1379.4 (21/1/86)
FT-SE-A 350	1320.4	1309.6	1308.1	1297.3	1297.2	1190.0	1342.7	1103.1	1342.7 (11/5/92)	664.5 (14/1/86)

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/Day	Low/Day
FT-SE 100	2705.1	2714.3	2703.6	2705.7	2702.6	2702.2	2703.3	2718.6	2731.6	2732.9	2701.9
FT-SE Mid 250	2618.2	2619.8	2619.1	2618.8	2614.8	2614.3	2614.2	2619.8	2622.8	2623.5	2613.8
FT-SE-A 350	1309.3	1313.0	1300.8	1308.5	1307.9	1307.8	1308.2	1314.7	1319.9	1320.5	1307.7

Gross dividend yield (ACT at 25%) FT-SE 100 4.41%

FINANCIAL TIMES EQUITY INDICES

	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Year ago	*High	*Low
Ordinary share	2035.9	2017.8	2012.2	1996.4	2004.6	1870.3	2149.7	1870.0
Ord. div. yield	4.53	4.58	4.59	4.62	4.61	4.97	5.34	4.24
Earning yld % full	6.33	6.40	6.46	6.52	6.45	7.40	-	-
P/E ratio net	20.13	19.91	19.72	19.53	19.79	17.00	20.84	15.79
P/E ratio nil	18.59	18.38	18.22	18.05	18.27	16.02	-	-
Gold Mines	64.3	64.1	66.0	66.9	66.8	174.2	168.6	64.1

*For 1992 Ordinary share index since compilation high 2149.7 29/5/92 - low 49.4 26/6/40
Gold Mines Index since compilation high 734.7 15/2/83 - low 43.5 26/10/71 Basis Ordinary share 1/7/35 Gold Mines 12/9/55

Ordinary Share Hourly Changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/Day	Low/Day
2020.1	2024.4	2010.1	2016.3	2014.3	2013.2	2013.6	2024.9	2035.8	2036.8	2012.8

Volume	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Year ago
SEAQ Bargains	26,527	25,807	23,596	23,443	25,017	23,559
Equity Turnover(£m)†	-	1204.5	1041.0	816.7	717.4	653.86
Equity Bargains†	-	26,193	25,986	26,076	27,686	22,458
Shares traded (ml)†	-	519.4	451.0	400.4	368.5	340.5

† Excluding intra-market business and overseas turnover

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	108	450	-8
ASDA Group	11,000	47	-½
Abbey National	2,000	380	+5
Albert Fisher	18,000	57	+4
Allied-Lyons	2,200	655	+14
Amstrad	2,800	26	
Anglian Water	[illegible]	[illegible]	+2
Argos	81	270	+1
Argyll Group	2,100	372	
Arjo Wiggins	1,800	156	-2
Ass. Brit. Foods	653	438	+4
Ass. Brit. Ports	540	321	+2
BAA	[illegible]	755	+5
BAT Inds.	2,000	865	+12
BET	8,300	112½	+1
BICC	1,000	371	+1
BOC	810	737	+10½
BP	4,200	232	+2½
BPB Inds	2,100	180	+4
BT	3,500	385½	+2½
BT New	3,800	230½	+2½
BTR	2,600	601	+8
Bank of Scotland	1,700	118	-1
Barclays	4,000	366	+4
Bass	1,200	865	+10
Berisford Intl.	623	75	
Blue Circle	2,600	174	-3
Booker	152	350	
Boots	1,700	479	+1
Bowater	1,100	456	+4
Brit. Aerospace	1,300	135	+7
British Airways	1,300	266½	+3½
British Gas	7,000	286½	+7
British Land	2,400	181	-1
British Steel	6,000	58	
Bunzl	54	165	-2
Burmah Castrol	1,100	644	+3
Burton	4,900	64½	+4
Cable & Wire.	2,900	642	-5
Cadbury Schweppes	1,400	458	-6
Calor Group	125	226	
Carlton Comms.	1,100	708	-18
Coats Viyella	704	212	-2

	Volume 000's	Closing Price	Day's change
Comm Union	798	582	+5
Cookson	[illegible]	171	-1
Courtaulds	545	509	+11
Dalgety	3,700	488	+1
De La Rue	441	830	-1
Dixons	1,800	231	-5
Eastern Elect.	302	420	-3
East Midland Elect.	442	425	
Eng China Clays	115	435	+3
Enterprise Oil	274	449	+9
Eurotunnel Units	81	340	-9
FKI	6,300	82	+4
Fisons	8,800	200	-10
Forte	2,000	179	+4
Gen. Accident	628	577	-2
General Elect.	3,100	260	+1½
Glaxo	2,400	825	+12
Glynwed Intl.	782	325	+4
Granada	86	334	+5
Grand Met	4,800	414	+6
GUS A	157	1388	+15
GRE	2,700	168	-2
GKN	534	404	
Guinness	1,800	544	+7
HSBC (75p shs)	4,500	533	+16
Hammerson 'A'	35	245	-3
Hanson	5,700	229½	+2½
Hanson Warrants	2,800	18¾	
Harrisons Crosfield	807	158	+2
Hillsdown	9,000	181	-3
IMI	1,400	238	+1
ICI	1,000	1025	+11
Inchcape	709	508	+13
Kingfisher	[illegible]	558	-8
Kwik Save	15	748	-2
Ladbroke	2,100	180	+1
Land Securities	627	424	-1
Laporte	356	618	+13
Legal & General	351	485	+2
Lloyds Abbey	758	323	+2
Lloyds Bank	1,200	465	+7
LASMO	542	162	
London Elect	212	488	+1

	Volume 000's	Closing Price	Day's change
Lonrho	538	[illegible]	-2
Lucas	2,900	134	+½
MB Caradon	5,600	283	+2
MEPC	[illegible]	335	+1
Manweb	311	537	+1
Marks & Spencer	2,800	319	-1
Midlands Elect	164	472	+1
NFC	1,000	234	+4
NatWest Bank	2,700	385	+6
National Power	1,100	287½	-1½
Next	1,300	170	1
North West Water	979	439½	-½
Northern Elect.	41	469	
Northern Foods	106	284	
Norweb	712	471	+1
Pearson	730	351	-4
P & O	878	463	+14
Pilkington	9,200	78	-5
PowerGen	464	237	-½
Prudential	3,300	289	+4
RHM	2,400	257½	-½
RMC	138	634	+2
RTZ	426	603	+9
Racal	1,500	152	
Rank Org	727	625	-4
Reckitt & Colman	773	616	+8
Redland	1,000	373	+7
Reed Intl	1,300	534	-3
Rentokil	938	195½	-1½
Reuters	752	1290	+13
Rolls Royce	16,000	96½	-4½
Rothmans	164	697	+12
Ryl Bk Scotland	1,300	184	-1
Royal Insurance	2,900	300	-2
Saatchi	85	142	
Sainsbury	2,300	482	+1
Scottish & New	335	413	+5
Scot. Hydro-Elect.	467	241	-1
Scottish Power	1,300	227	
Sears	2,900	95	+1
Sedgwick	738	148	+3
Seeboard	59	401	-1
Severn Trent Water	1,000	472	-4

	Volume 000's	Closing Price	Day's change
Shell Transport	2,800	545	+7
Siebe	1,200	368	+8
Slough Ests	804	148	+1
Smith (W.H.) A	584	455	+3
Smith & Nephew	2,300	166	+2½
SmKl Beecham	1,300	540	+8
SmKl Beecham Uts	611	474	+4
Smiths Inds.	617	370	+1
Southern Elect.	388	442	
South Wales Elect	237	528	+1
South West Water	121	510	-1
South West Elect.	159	466	-1
Southern Water	138	474	-3
Standard Chartd.	204	573	+2
Storehouse	3,300	184	-2
Sun Alliance	881	330	+1
T&N	866	143	+2
TI Group	886	387	+2
TSB	2,300	139	+2
Tarmac	3,300	85½	+1
Tate & Lyle	1,600	357	
Taylor Woodrow	1,400	60	-1
Tesco	6,700	239	+1
Thames Water	817	501	+2
Thorn EMI	1,800	780	+17
Tomkins	4,300	232	+6
Trafalgar House	1,100	65	-½
Unigate	421	282	
Unilever	1,200	1056	+10
United Biscuits	707	329	+1½
Utd Newspapers	437	466	+7
Vodafone	654	307	+3
Warburg (SG)	123	488	
Wellcome	735	1024	+18
Welsh Water	41	548	+3
Wessex Water	183	398	-2
Whitbread 'A'	1,100	448	+14
Williams Hldgs	619	335	+6
Willis Corroon	1,100	180	+4
Wimpey	1,900	105	+3
Wolseley	643	480	+5
Yorkshire Elect.	393	534	-4
Yorkshire Water	869	529	-2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

NEWS from the Gatt talks gave a quiet session in the derivatives market a positive and lively flourish, writes Christopher Price.

The December contract opened firm at 2,719, before drifting back as the 10.30am deadline for expiry of the November index options approached, hitting its low of 2,710 at around 10am.

A positive opening on Wall Street lightened the mood which turned to something approaching euphoria when news on the Gatt negotiations came into the market at around 3.30pm. December raced forward as buyers rushed in and some traders were caught short, reaching its high of the day of 2,757 shortly before the close.

It finally finished at 2,751, 25 points ahead of the previous session and around an 11-point premium to its fair value level of nine. Volume was 7,496 contracts.

A busy day in the options market saw 34,231 trades. Rolls-Royce was the top stock option, with 2,281 contracts, including a seller of 1,000 of the December 90 calls at 10p.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.0612	-	8.91	8.85	8.73
BELGIUM		8.750	06/02	104.5100	+0.350	8.05	7.98	8.12
CANADA *		8.500	04/02	102.9000	+0.100	8.06	7.93	7.93
DENMARK		9.000	11/00	100.2750	-0.650	8.95	8.60	8.98
FRANCE	BTAN	8.500	03/97	101.5813	-0.215	8.02	7.93	8.30
	OAT	8.500	11/02	102.7550	-0.160	8.08	8.03	8.33
GERMANY		8.000	07/02	104.1000	+0.010	7.39	7.35	7.34
ITALY		12.000	08/02	94.8450	+0.070	13.38†	13.29	14.22
JAPAN	No 119	4.800	06/99	101.4469	+0.102	4.51	4.66	4.72
	No 145	5.500	03/02	105.7737	+0.343	4.61	4.88	4.84
NETHERLANDS		8.250	06/02	104.8600	+0.130	7.51	7.48	7.56
SPAIN		10.300	06/02	88.4250	-0.025	12.40	12.60	12.53
UK GILTS		10.000	11/96	109-20	-5/32	7.17	7.07	7.32
		9.750	08/02	108-00	-3/32	8.38	8.19	8.51
		9.000	10/08	102-04	-11/32	8.75	8.61	9.03
US TREASURY *		8.375	08/02	97-04	-3/32	6.78	6.91	6.80
		7.625	11/22	101-01	-18/32	7.57	7.68	7.62
ECU (French Govt)		8.500	03/02	99.1050	-	8.64	8.72	8.91

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday November 20 1992

Water	+	52.03
Banks	+	37.18
Electricity	+	30.53
Electronics	+	27.61
Food Retailing	+	22.19
Other Industrials	+	19.34
Media	+	18.89
Textiles	+	18.04
Insurance (Composite)	+	17.91
Financial Group	+	17.45
Other Groups	+	16.54
Telephone Networks	+	15.98
Motors	+	13.45
Insurance (Life)	+	13.32
Stores	+	10.81
Transport	+	9.51
Industrial Group	+	9.04
All-Share Index	+	8.92
Investment Trusts	+	7.84
500 Share Index	+	7.86
Consumer Group	+	5.71
Capital Goods	+	5.18
Merchant Banks	+	4.07
Conglomerates	+	3.68
Brewers & Distillers	+	3.05
Packaging, Paper & Printing	+	2.84
Business Services	+	2.63
Food Manufacturing	+	1.56
Health & Household	+	0.03
Engineering-General	-	0.55
Oil & Gas	-	2.56
Hotels & Leisure	-	3.99
Chemicals	-	4.12
Electricals	-	5.24
Metals & Metal Forming	-	9.47
Building Materials	-	10.56
Property	-	21.68
Contracting, Construction	-	22.91
Engineering-Aerospace	-	23.52
Insurance Brokers	-	26.55
Gold Mines Index	-	53.37

COMMODITIES

WEEK IN THE MARKETS

Coffee retreats from 9-month highs

LONDON COFFEE futures retreated from nine-month highs reached early in the week as traders played down the prospects of significant progress being made at next week's London talks on renegotiating the International Coffee Agreement.

African coffee producers are ready to compromise with consumer countries on export controls in a new world pact, the Reuter news agency reported yesterday from Abidjan, capital of the Ivory Coast. After a four-day meeting, delegates to the 25-member Inter-African Coffee Organisation said it would recommend that producers take the main responsibility for stopping illegal exports at the London talks. Producers had been pushing for the burden of policing export controls to be shared.

But London traders expected decisions on a new price-support pact to be delayed until the new US and Brazilian administrations had settled down.

The January robusta contract at the London Futures and Options Exchange, which on Tuesday had peaked at $990 a tonne, fell back to $942 before closing yesterday at $968 a tonne, up $9 on the week. Traders said this reflected pressure from hedging sales and profit-taking following the recent highs and was further influenced by signs of producer selling, notably from Uganda and Indonesia.

A forecast that the 1992-93 coffee crop in Colombia, the world's second-biggest producer, would fall by between 2m and 2.5m bags *(60 kg each)* from 1991-92's 17.5m bags failed to buoy sentiment. "It would seem as if comments from Colombia [the forecast was made by the head of the country's exporters' association] are counter productive," said GNI, the London trade house, in its daily Commodity Report yesterday. "If they are bullish the market thinks it is trying to talk the market up – if so, then what does it have to hide?"

Base metals prices were mostly firmer at the London Metal Exchange as markets continued to consolidate following recent falls. The rally was led by copper, which closed £19.50 up on the week in the cash position, at £1,404.50 a tonne, though the market was again aided by sterling's weakness.

Zinc also moved higher in a thin market, the cash position gaining $27.50 to $1,046.50 a tonne, and aluminium prices built on last week's rally, helped by concern about a possible strike at Pechiney, the French producer.

Lead prices bounced after reaching the lowest levels for five months in sterling terms and for six years in dollar terms. As the market responded to bullish chart patterns, good recent trade interest and sterling weakness, the *cash price rose to £306.50 a tonne* and closed yesterday at £305.50 a tonne, up £12.50 on the week.

One metal that did not join in with the upturn was nickel, which closed yesterday at $5,405 a tonne, down $22.50 on the week. The market was not in the mood to respond positively to news early in the week that Cuban nickel output was expected to to fall 15,000 tonnes short of the 50,000-tonne target for this year. It remained more concerned about the continuing flood of metal from the former Soviet Union. The Commonwealth of Independent States, as it is now called, is expected to export 120,000 tonnes of nickel in 1992, up from 100,000 in 1991, the Interfax news agency said this week, quoting officials from Norilsk Nickel, the main CIS producer.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+8,275	to 1,447,575
Copper	+1,000	to 324,100
Lead	-150	to 194,100
Nickel	+548	to 60,870
Zinc	-3,475	to 376,725
Tin	+210	to 14,490

The precious metals market livened up yesterday after a generally downbeat week. Dealers said gold was supported by expectations of a realignment of the weaker currencies within the European Community's Exchange Rate Mechanism and rumours of a Bundesbank rate cut next week. The price rose to $336.35 a troy ounce, up $2.20 on the day but down 10 cents on the week. The earlier fall to $334.15 an ounce had been influenced by Australian selling induced by the weakness of the national currency. "If Australian producers are willing to sell at $335, then how much upside does the market have?" asked the GNI report. . . "Very little we believe."

Platinum moved up with gold to $356.25 an ounce at yesterday's afternoon fixing, up $2.60 on the week. Dealers said the white metal was also boosted by Japanese buying as hopes of a government boost to the economy lifted the Nikkei stock index.

Silver was also influenced by gold's upturn and the London market's cash position regained 2.5 cents yesterday to close 1 cent down on the week at 378.5 cents an ounce.

Richard Mooney

LEGAL NOTICES

In the High Court of Justice
Chancery Division No. 0018907 of 1992
IN THE MATTER OF BURNFIELD PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

Notice is hereby given that a Petition was on 2nd November 1992 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company. And notice is further given that the said Petition is directed to be heard before the Honourable Mr. Registrar Buckley at the Royal Courts of Justice Strand London WC2A 2LL on Wednesday the 2nd day of December 1992. Any creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.
Dated this 20th day of November 1992
Slaughter and May, 35 Basinghall Street,
London, EC2V 5DB.
Solicitors for the said Company.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

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Shaw (Albert E.) & Co (1000)F
Amale, 5 Rayleigh Rd Hutton, Brentwood Essex
Enquiries 0277 227300 Dealing 0277 261010

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071 407 5966

Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham BR3 4TF 081-663 3002

Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS 071-637 5377

Fund	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American	5	260.2	260.8	275.9	-0.8	0.94
S & W Capital	5	105.7	105.7	113.2		1.91
S & W Cash	0	101.19	101.19	101.19	+0.02	7.57
S & W European	5	103.5	103.7	109.7	-0.3	1.34
S & W Far Eastern	5	107.2	108.0	114.3	-0.5	0.03
S & W Growth	5	112.6	114.0	120.5	+0.1	1.58
S & W Income	5	94.75	101.1	106.9	+0.2	5.46
S & W Magnum	5	112.0	112.0	120.1		1.84

Societe Generale Touche Remnant (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250
4 Hourly Pricing – 12 Noon Historic

Whittingdale Unit Tst Mgmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0462

Woolwich Unit Trust Managers Ltd (1700)H
1 White Oak Square, Swanley BR8 7AG 0705 598046

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd
071 214 1050 (general enquiries) 071 214 1004 (dealing)
Charitable Funds

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit Fund: See Money Market Trust Funds.

INSURANCES

Continued on next page

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Prolific Life & Pensions Ltd
Stramongate, Kendal, Cumbria LA9 4BD 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Balanced Gwth Mngd	414.2	453.5	+2.5	–
Adventurous Mngd	147.7	157.2	+0.8	–
Cautious Mngd	118.8	126.1	+0.2	–
Cash Fd	313.9	330.8	+0.4	–
Property Fund	217.5	231.4	....	–
Equity Fund	706.1	751.2	+4.6	–
Fxd. Int. Fund	390.5	411.5	+0.1	–
International	317.4	337.7	+2.3	–
High Income	530.0	563.9	+2.5	–
Far East	418.3	445.1	+4.4	–
North American	414.0	440.5	+4.1	–
Special Sits	489.0	520.3	+1.0	–
Technology	412.0	438.4	+4.7	–
Extra Inc Fd	290.9	309.5	+1.6	–
Convertible & Gilt Fd	141.2	150.3	....	–
American Income	166.3	177.0	+0.4	–
Gilt Fund 20	436.3	464.2	+0.1	–
European Fund	113.1	120.4	-0.8	–
Pref & Fixed Int	106.7	112.6	+0.1	–
UK Blue Chip	107.9	113.8	+0.3	–
Recovery Fund	102.4	108.0	+0.8	–
Equity Income Dist	98.7	105.1	+0.3	5.08
Managed Dist	94.6	100.5	+0.2	3.33
High Yield Dist	99.3	104.7	-1.6	7.72
Pension Funds				
Balncd Gth Mgd Pens Acc	709.1	746.5	+1.8	–
Adventurous Mgd Pens Acc	153.7	161.8	+0.9	–
Cautious Mngd Pens Acc	136.6	143.8	+0.2	–
Building Soc. Acc	361.0	380.1	+0.1	–
Property Pens. Acc	295.3	310.9	....	–
Fix. Int. Pens. Acc	617.3	649.8	+0.2	–
Equity Pens. Acc	895.7	942.9	+2.4	–
International Pens Acc	291.6	307.0	+1.7	–
High Inc Pens Acc	595.4	626.8	+2.9	–
Tech Pens Acc	291.9	306.6	+4.0	–
N American Pens Acc	310.7	327.1	+3.0	–
Far Eastern Pens Acc	411.5	433.2	+4.4	–
Special Sits Pens Acc	400.9	422.0	+1.1	–
Extra Income Pens Fd	351.8	370.4	+2.2	–
Convertible & Gilt Pen	172.8	181.9	+0.8	–
American Inc Pens	189.9	199.9	....	–
European Pens	125.4	132.0	-0.2	–
Managed Cash Pens	170.0	179.0	+0.3	–
Pref & Fixed Pens	124.5	131.1	+0.1	–
UK Blue Chip	116.0	122.2	+0.4	–
Recovery Fund	107.8	113.5	+0.9	–
Unitised With Profits Pens	106.5	112.2	+0.1	–
Other Funds				
Managed Growth	114.9	121.0	-0.8	–

[illegible]

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or −	Yield Gross
Deposit Acc Fd	166.6	175.4	....	–
Equity Acc Fd	378.9	398.8	-0.2	–
Managed Acc Fd	335.7	353.4	-1.1	–
Prop Fd (1st Issue)	–	904.5	....	–
Prop Acc Fd (2nd Iss)	121.3	127.7	-0.8	–
Unit Trust Mn. Fd	153.1	161.2	-1.1	–
RL Pension Funds				
Deposit Acc	341.3	359.0	....	–
Equity Acc	276.9	291.5	-0.6	–
Fixed Int Acc	243.1	255.9	-2.2	–
Gilt Indx Lnk Acc	185.3	195.1	-0.6	–
Managed Acc	368.6	388.1	+0.4	–

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
JRA/M&G Managed	107.9	113.6	+0.30	–
JRA/Scottish Amicable Mngd	103.0	108.5	....	–
JRA/St James's Place Mngd	110.9	116.8	+0.10	–
Deposit	99.1	104.4	....	–
Far East	112.1	118.0	-1.30	–
Gilts	104.5	110.0	+0.20	–
Greater European	106.9	112.6	-0.20	–
North American	122.5	129.0	+0.70	–
UK Equity	106.5	112.2	....	–
Pension Funds				
JRA/M&G Managed cap	105.5	111.1	+0.30	–
JRA/M&G Managed acc	108.5	114.3	+0.30	–
JRA/Scottish Amicable Mngd cap	100.0	105.3	+0.10	–
JRA/Scottish Amicable Mngd acc	102.9	108.4	+0.10	–
JRA/St James's Pl Mngd cap	112.8	118.8	+0.10	–
JRA/St James's Pl Mngd acc	116.1	122.3	+0.20	–
Deposit cap	99.30	104.6	....	–
Deposit acc	102.2	107.6	....	–
Far East cap	108.7	114.5	-1.60	–
Far East acc	112.0	117.9	-1.50	–
Gilts cap	102.6	108.0	+0.30	–
Gilts acc	105.6	111.2	+0.40	–
Greater European cap	106.8	112.5	-0.30	–
Greater European acc	110.0	115.8	-0.20	–
North American cap	126.6	133.3	+0.90	–
North American acc	130.3	137.2	+1.00	–
UK Equity cap	103.5	109.0	+0.10	–
UK Equity acc	106.5	112.2	+0.10	–

[illegible]

Scottish Mutual Assurance plc

[illegible]

Sun Alliance Group—Contd.

[illegible]

Albany International Assurance Ltd

[illegible]

Target International Group

[illegible]

Guinness Flight Fd Mngrs (Guernsey) Ltd

[illegible]

Merrill Lynch Guernsey

[illegible]

MANAGEMENT SERVICES

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

OFFSHORE INSURANCES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

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	Bid Price	Offer Price	+ or -	Yield Gross
IBI Global Funds Limited				
Intl Stlg Gwth	£20.04	21.10		-
Intl $US Gwth	$17.42	18.36		-
High Income Gwth	£26.83	26.99		-
International Equity	£20.37	21.45		-
International Bond	£22.79	23.63		-
Managed Currency	£27.73	28.02		-
Sterling Currency	£26.37	26.66		-
US$ Currency	$37.71	38.10		-
Irish £ Currency	IR£15.00	15.25		-
R. & H. Fund Managers Ltd				
LFM Sterling Fd.	£11.05	11.52		-
B F Offshore Inc Fd Ltd	£11.55	12.15		-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£9.02	9.70		-
[illegible]	$8.96	9.33		-

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd
PO Box 468 St Helier Jersey 0534 36633

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloyds Intl World Inc Port.	£2.457	2.5801	...	1.25
Dealing weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge	£9.90	9.951	-0.03	9.45
Minerals, Oils Res. Shrs. Fd. Inc.				
Mineral Nov 19	$12.90	13.25	...	3.02
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income	52.8	56.0		8.12
UK Equity Fd	210.5	224.0	+0.02	2.86
Intl Bond Fd.	100.8	104.0		7.09
Sterling Mngd Asset Fd	533.2	561.0		5.00
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Nov 12	$35.22	37.43		-
Perpetual UT Mngrs (Jersey) Ltd				
The Portugal Fund Limited				

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

US MARKETS (3 pm)

November 20	US$	+ or −
AAR Corp	11⅝	+⅛
AMP Inc	56½	+⅛
AMR Corp	61	−⅛
ASA	31¼xd	....
Abbott Labs	31⅞	+½
Acme Cleveland	7⅞	−⅛
Advanced Micro	18⅛	+⅛
Aetna Life	43	....
Affiliated Publ	11⅞xd	+⅛
Aflac	30⅛xd	+⅛
Ahmanson (HF)	14⅞	−⅛
Air Prod & Chemical	45⅝	−⅛
Alberto-Culver B	22⅞	−⅛
Albertson's	46⅝	+⅛
Alcan Aluminum	15⅛xd	....
Alco Standard	35⅝	−⅛
Alexander & Alex	26⅛	+⅛
Alex & Baldwin	23⅞	+1
Allegheny Power	47	+⅛
Allied Signal	55¼xd	−⅛
Aluminium Co of Am	66⅛	+⅛
Amax	16	−⅛
Amdahl Corp	8	−⅛
Amerada Hess	47½	+⅛
Amer Brands	41⅝	+⅛
Amer Cyanamid	56xd	+½
Amer El Power	31⅞	+⅛
Amer Express	22½	+⅛
Amer Genl Corp	32	+⅛
Amer Greetings A	47xd	+⅞
Amer Home Pr	69⅞xd	−⅛
Amer International	110⅝	+⅛
Amer Natl Ins	44½	−1
Amer Stores	42⅝	+⅛
Amer T & T	47½	+⅛
Ameritech	67	+1
Ames Dept Stores	0.50	....
Ametek Inc	15⅛	−⅛
Amoco	50⅛	+⅛
Analog Devices	12⅛	....
Anheuser-Busch	59	+⅛

November 20	US$	+ or −
Corning Inc	38	+⅛
Crane	23⅛	−⅛
Cray Research	21⅛	+⅛
Crown Cork & Seal	35⅝	+⅛
Cummins Engine	71½	+⅛
Curtiss-Wright	29⅞	....
Cypress Semicond	11⅝	−⅛
Cyprus Minerals	26⅛	+⅛
DSC Commun	18⅛	+⅛
DQE	31⅛	....
Dana Corp	42⅞	.
Data General	11⅝	.
Dayton Hudson	74⅛xd	−1
Deere	38	−⅛
Delmarva Pow & L	22⅞	−⅛
Delta Air Lines	51⅛	−⅛
Deluxe Corp	45⅛xd	+⅛
Detroit Edison	32⅝	−⅛
Dial Corp Del	40⅞	+⅛
Diebold Inc	56⅝	−⅛
Digital Comms	17⅛	−⅛
Digital Equipment	32⅛	+⅛
Dillard Dept St	49⅛	+1⅛
Disney (Walt)	41⅞	+1
Dole Food Inc	28⅛	+½
Dominion Res	39⅞	+⅛
[illegible]	31⅞	+⅛
Dover Corp	44xd	+1⅛
Dow Chemicals	52⅝	−⅛
Dow Jones	29	+⅛
Dravo Corp	8⅞	−⅛
Dresser	18⅛	+⅛
Dreyfus Corp	39½	+⅛
Duke Power	35⅝xd	+⅛
Dun & Bradstreet	57¼xd	+½
Du Pont	46⅛xd	+⅛
E G & G Corp	18⅛	−⅛
E-Systems	37⅞	−⅞
Eastern Enterprises	27⅞	....
Eastman Kodak	40⅞	+⅛
Eaton Corp	70⅞	+⅛
Echlin Inc	20⅞	....

November 20	US$	+ or −
Kimberly-Clark	58⅛	..
King World Prods	32⅛	+⅛
Knight-Ridder	59⅛	+⅛
Kroger	13⅝	+⅛
LSI Logic	8⅞	....
Legget & Platt	29⅛xd	+⅞
Leucadia Natl	67⅛	−1⅛
Lilly (Eli)	63⅛xd	+⅛
Limited Inc	26⅛	+⅛
[illegible]	75⅛	+⅛
Lincoln Nat	71⅛	+1⅛
Litton	41⅞	−⅛
Liz Claiborne	43⅛	+1⅛
Lockheed Corp	48⅞xd	+⅛
Loews Corp	116½	+1⅛
Lone Star	3.25	....
Long Island Light	25⅛	....
Longs Drug Stores	33⅛	+⅛
Loral Corporation	44⅛	−⅛
Lotus Dev Corp	21	+⅛
Louisiana Land	34⅛	....
Louisiana Pacific	55⅛xd	+⅛
Lowe's Co Inc	21⅛	+⅞
Lubrizol	26⅛	+⅛
MA Comm Inc	4.37	−0.13
MCI Commun	38xd	+⅛
Mac Frugals Bargain	15⅛	+⅛
Manor Care	23⅛xd	+⅛
Manville Corp	9	+⅛
Mapco Inc	53⅞	+⅛
Marion Merrell	25⅝	....
Marriott	20	−⅛
Marsh & McLennan	91	−⅛
Martin Marietta	58	+⅛
Masco Corp	25⅞	+⅛
Mercantile Corp	26⅝	−⅝
Mattel Inc	25⅞	+⅛
Maxus Energy	6⅝	....
May Dept St	71⅞	+⅛
Maytag Corp	15⅛	+⅛
McCaw Cellular	32⅞	+⅛

November 20	US$	+ or −
Corn Paper	40	+⅛
Cons Rail	44	+1
Contl Bank Corp	18⅞	+⅛
Contl Corp	27⅝	+⅛
Cooper Inds	49⅞	+1⅛
Coors (Adolph)	21	+⅛
CoreStates Finl	51	+⅛
Johnson & Johnson	50⅝xd	+⅛
K Mart	27⅞	....
Kellogg	67⅞	−⅞
Kennametal	26⅛	−½
Kerr-McGee	42½	+1⅛
KeyCorp	34⅛	−⅛
Potlatch Corp	45⅞xd	−⅛
Potomac El Pwr	23⅞xd	−⅛
Praxair	16⅞	−⅛
Premier Indl	37⅝	+⅛
Price Co	41⅞	+⅛
Primark Corp	12⅞	....
Primerica	44⅞	+⅛
Wachovia	67	+⅛
Walmoco Oil	3.37	....
Walgreen	43⅞xd	+1⅛
Wal-Mart Stores	62⅞	+⅛
Wang Labs B	0.44	....
Warner-Lambert	70⅝	−⅛
Washington Gas Light	37⅛	+⅛
Trans Can Pipe	17⅛	−⅛
Trimac	8⅛	....
Trizec A	2.10	+0.10
United Dominion	10	+⅛
Univa	7⅞	−⅛
Westcoast Energy	17⅛	−⅛
Weston (George)	33⅞	....

INDICES

NEW YORK

DOW JONES	Nov 19	Nov 18	Nov 17	Nov 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3209.53	3207.37	3193.32	3205.74	3413.21 (1/6)	3136.58 (9/10)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.07	102.18	101.92	101.98	103.20 (18/9)	[illegible] (20/3)	103.20 (18/9/92)	54.99 (1/10/81)
Transport	1354.73	1355.13	1341.23	1350.90	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.39	218.77	217.70	216.89	225.59 (3/11)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3231.14 (3227.09) Low 3190.35 (3176.84) (Theoretical)
Day's High 3216.55 (3214.93) Low 3200.80 (3191.43) (Actual)

STANDARD AND POOR'S

	Nov 19	Nov 18	Nov 17	Nov 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	423.61	422.85	419.27	420.68	425.27 (14/9)	394.50 (8/4)	425.27 (14/9/92)	4.40 (1/6/32)
Industrials	496.75	496.04	491.80	493.59	503.30 (14/9)	470.91 (8/4)	503.30 (14/9/92)	3.62 (21/6/32)
Financial	38.02	38.13	37.88	38.11	38.37 (12/11)	32.40 (8/4)	38.37 (12/11/92)	8.64 (1/10/74)
NYSE Composite	233.25	232.87	231.09	231.78	233.73 (14/9)	217.92 (8/4)	[illegible] (14/9/92)	4.46 (28/4/42)
Amer Mkt. Value	389.34	386.49	384.29	386.83	418.99 (12/2)	364.85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	638.57	634.86	627.07	634.01	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Nov 13	Nov 6	Oct 30	year ago (approx.)
Dow Industrial Div. Yield	3.17	3.20	3.21	3.10

	Nov 18	Nov 11	Nov 4	year ago (approx.)
S & P Industrial div. yield	2.65	2.65	2.68	2.67
S & P Indl. P/E ratio	27.71	27.72	27.34	22.84

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Unilever	4,305,700	103⅛	+ ⅛
Euron Cp	4,279,800	47⅛	− 1⅛
Limited	3,465,300	26	+ ⅛
Wst Elec	3,386,100	30⅛	− ⅛
IBM	3,307,300	61⅛	− 1⅛
Adv Micro	2,350,100	18	+ 1⅛
Boeing	1,995,800	33⅛	− ⅛
Fed Dept	1,975,600	17	+ ⅛
Glaxo	1,962,400	29⅛	....
Humana	1,942,100	18⅛	+ 1

TRADING ACTIVITY

† Volume (Millions)	Nov 19	Nov 18	Nov 17
New York SE	218.700	218.660	185.470
Amex	16.136	15.005	14.418
NASDAQ	258.251	233.239	224.320
NYSE			
Issues Traded	2,364	2,379	2,387
Rises	983	1,177	779
Falls	800	629	1,021
Unchanged	611	573	587
New Highs	81	59	48
New Lows	32	43	50

CANADA

TORONTO	Nov 19	Nov 18	Nov 17	Nov 16	1992 HIGH	1992 LOW
Metals & Minerals	2541.96	2534.99	2529.91	2553.42	3238.87 (16/1)	2529.91 (17/11)
Composite	3233.73	3231.68	3218.50	3236.40	3666.00 (16/1)	3195.40 (14/10)
MONTREAL Portfolio	1711.49	1711.36	1698.56	1713.24	1937.59 (16/1)	1663.16 (14/10)

Base values of all indices are 100 except NYSE All Common − 50, Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Nov 20	Nov 19	Nov 18	Nov 17	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1410.1	1392.8	1375.1	1365.1	1684.50 (22/5)	1357.20 (16/11)
All Mining (1/1/80)	565.3	557.5	553.9	552.2	726.80 (3/7)	545.40 (16/11)
AUSTRIA						
Credit Aktien (30/12/84)	322.29	322.65	319.86	318.96	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	779.79	783.71	776.62	773.45	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1142.82	1135.20	1138.20	1141.42	1295.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	265.82	269.21	272.96	272.26	368.29 (15/1)	250.42 (28/10)
FINLAND						
HEX General (28/12/90)	794.3	784.9	779.0	772.6	935.90 (24/2)	541.80 (7/9)
FRANCE						
CAC General (31/12/81)	459.78	471.06	471.60	472.79	555.93 (12/5)	441.70 (7/10)
CAC 40 (31/12/87)	1724.18	1722.33	1759.17	1764.44	2077.49 (11/5)	1611.04 (5/10)
GERMANY						
FAZ Aktien (31/12/58)	605.76	611.21	(c)	609.18	725.26 (26/5)	566.61 (12/10)
Commerzbank (1/12/53)	1713.80	1729.8	(c)	1724.1	2043.80 (25/5)	1594.60 (12/10)
DAX (30/12/87)	1544.76	1551.65	(c)	1545.05	1811.57 (26/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	5070.18	5056.41	5040.33	4888.52	6447.11 (12/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1134.11	1099.35	1102.26	1105.56	1469.57 (17/1)	1094.80 (19/10)
ITALY						
Banca Com. Ital. (1972)	459.07	464.72	476.39	481.50	551.59 (6/2)	394.93 (16/9)
MIB General (2/1/92)	902.0	914.0	935.0	985.0	1086.00 (5/2)	696.00 (16/9)
JAPAN						
Nikkei (16/5/49)	17033.60	16871.31	16778.84	15993.48	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1276.91	1274.53	1271.21	1221.33	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1607.18	1606.78	1599.06	1586.81	2459.85 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	642.60	637.39	641.77	641.90	660.35 (5/11)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	287.3	286.7	287.8	289.6	314.90 (9/6)	274.80 (8/2)
CBS All Shr (End 1983)	193.4	193.0	193.7	194.9	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	628.90	599.03	598.89	598.85	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1303.63	1310.59	1315.16	1324.23	1580.95 (11/6)	1089.02 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	378.93	371.63	371.67	375.15	416.99 (21/1)	351.41 (31/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	769.0	765.0	776.0	780.0	1327.00 (21/1)	746.00 (10/11)
JSE Industrial (28/9/78)	4078.0	4065.0	4091.0	4078.0	4689.00 (4/6)	3936.00 (19/10)
SOUTH KOREA						
Korea Comp Ex. (4/1/80)	635.55	632.49	621.25	632.42	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	212.75	215.48	212.04	206.77	266.51 (28/2)	179.48 (5/10)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	821.1	754.8	724.9	723.6	1014.50 (11/5)	639.80 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	841.8	842.8	839.2	840.8	883.40 (11/5)	748.90 (8/1)
SBC General (1/4/87)	630.7	631.6	628.1	631.9	682.30 (11/5)	[illegible]
TAIWAN						
Weighted Price (30/6/66)	3724.33	3682.58	3640.18	3580.71	5391.63 (30/1)	3351.63 (26/9)
THAILAND						
Bangkok SET (30/4/75)	871.72	854.17	868.06	891.49	963.03 (6/1)	667.84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) (\$)	486.4	486.6	484.8	476.8	542.10 (7/1)	467.30 (8/4)
Euro Top-100 (26/6/90)	849.71	840.58	842.28	841.84	976.55 (25/5)	772.52 (5/10)

**Saturday November 14: Taiwan Weighted Price 3,573.09, Korea Comp Ex. 632.28.
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX − 1,000, JSE Gold − 255.7, JSE 25 Industrials − 264.3 and Australia All Ordinary and Mining − 500. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Farm subsidy accord boost for Dow

Wall Street

US SHARE prices climbed steadily, lifted by news that a trade war with Europe had been avoided. Trading was exceptionally heavy because of the monthly expiration of options contracts, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 16.75 at 3,226.28, near its high for the morning. The more broadly based Standard & Poor's 500 was also notably firmer at the halfway stage, up 2.66 at 426.27, while the Amex composite put on 1.84 at 391.18. The Nasdaq composite firmed 3.27 to 641.84, nearing its all-time high of 644.92 in February this year.

Turnover on the NYSE was extremely high at 152m shares by 1 pm, while rises outpaced declines by 1,005 to 637.

After posting only modest gains in the first two hours of trading, stocks began to climb higher as news came out of Brussels that the EC and the US had reached an accord to cut farm subsidies which would clear the way for a conclusion to the Uruguay Round of Gatt trade talks.

The news that the EC-US talks had been successful was welcomed by investors, who had feared that a combination of a weak domestic economy, even weaker European markets and a damaging trade war could wreak havoc on the world economy.

Prices were also affected by the monthly expiration of options on stock indices and individual stocks and were aided by a firm bond market, where the benchmark 30-year government bond was up ⅛ at 101⅛, yielding 7.522 per cent.

Motor stocks were one of the beneficiaries of options-related trading. Ford rose $⅛ to $39⅞, Chrysler put on $¾ at $29 and General Motors climbed $⅝ to $30¾. Both Chrysler and GM confirmed yesterday that they had temporarily shut down a total of six assembly lines because of slow sales.

Monsanto edged $⅛ lower to $55⅛ after the group announced that it was initiating a series of cost-cutting measures which would leave the company with an after-tax charge in the fourth quarter of $425m. Monsanto hopes to realise savings of about $200m a year from 1994 onwards.

Damon Corp rose $1⅛ to $22⅛ on speculation that the financier Mr Ron Perelman and a European drug company had approached Damon about a merger or acquisition.

On an otherwise mostly buoyant Nasdaq market, Dell Computer, which posted strong gains on Thursday following its earnings release, slumped $3¾ to $34⅝ amid concern about currency hedging by the personal computer company. Dell denied reports that the Securities and Exchange Commission was investigating the currency hedging.

Canada

TORONTO was sharply higher at midday, led by gains in the gold sector. The TSE-300 composite rose 21.67 to 3,255.2 in volume of 26m shares. Advances led declines by 233 to 201 with 229 unchanged.

Northern Telecom jumped C$1⅛ to C$53⅛ on the launch of a wireless private branch exchange (PBX) system in Hong Kong, the first such system to use the CT2 CAI radio standard.

EUROPE

Bourses influenced by Swedish krona float

BOURSES took their cue from the Swedish krona float as renewed currency tension moved from Scandinavia to the rest of Europe, *writes Our Markets Staff.*

STOCKHOLM rose another 8.8 per cent in record turnover of SKr2.7bn, fuelled by the positive impact of devaluation. According to Goldman Sachs, past historical experience in Sweden suggested that, on average, a 15 per cent devaluation increased share prices by 35 per cent to 40 per cent.

The Affärsvärlden General index closed 66.3 higher at 821.1, up 13.9 per cent on a week during which the krona was effectively devalued by 11 per cent against the dollar.

Forestry shares were the outstanding winners on their sharp increase in competitiveness. Modo B put on SKr35 or 30 per cent to SKr150 and Stora B-frees gained SKr44 to SKr256.

Mr Peter Lawrence at Kleinwort Benson said that investors were buying into Sweden for its big international blue chips and their sensitivity to reduced costs and higher export margins.

Among other Nordic markets, OSLO rose 4.1 per cent on speculation that Norway would also be forced to devalue. The all-share index closed 14.14 higher at 356.27.

FT-SE Actuaries Share Indices

November 20 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1043.81	1044.39	1046.14	1046.32	1047.09	1047.53	1051.40	1051.29
FT-SE Eurotrack 200	1111.22	1107.87	1110.18	1112.45	1112.39	1111.78	1119.35	1117.40

	Nov 19	Nov 18	Nov 17	Nov 16	Nov 13
FT-SE Eurotrack 100	1047.93	1051.36	1056.32	1058.27	1059.26
FT-SE Eurotrack 200	1110.76	1108.59	1109.66	1110.19	1114.93

Base value 1000 (26/10/90) Highday: 100 - 1051.81, 200 - 1119.61 Lowday: 100 - 1043.17 200 - 1107.80

HELSINKI retreated from morning highs on the failure of income settlement talks between the government and trade unions, although the Hex index rose 9.3 to 794.2.

COPENHAGEN, more associated with the hard-currency bloc in mid-Europe, was affected by rising short-term interest rates, *writes Hilary Barnes.* The all-share index fell 3.38 to 265.82, 2.7 per cent lower on the week. Danisco closed DKr20 down at DKr641 after forecasting lower-than-expected current year profits as a result of devaluations in Britain and Sweden.

PARIS steadied after its recent fall on hopes of a Gatt trade deal between the US and Europe. This helped to offset a rise in overnight rates to defend the franc, which weakened on Sweden's decision to float the krona. Position-squaring ahead of the close of the account on Monday also supported share prices. The CAC-40 index added 1.85 to 1,724.18, down 4 per cent on the week, in turnover of FFr2.4bn.

Euro Disney continued to drop after its annual results, closing FFr2.30 or 3.4 per cent down at FFr65.70. Elf fell FFr8.20 to FFr323 as an analyst at Kidder Peabody in New York downgraded the oil company from "buy" to "hold" and lowered his 1992 and 1993 earnings estimates. One of the big UK brokers is about to lower its forecasts for Elf following a visit to the company.

Havas dropped FFr6.2 to FFr419 following news late on Thursday that it owned 3.06 per cent of its media rival, Hachette. Last month Havas denied that it had any interest in buying shares in Hachette.

MILAN ended lower but a late recovery led by Credito Italiano trimmed earlier losses. The Comit index fell 5.65 to 469.07, down 0.4 per cent on the week, in turnover estimated at around Thursday's L263.5bn.

Credito rose L155 or 5.8 per cent to L2,830 on rumours that its shares would be valued at as much as L5,000 for the forthcoming sale of Iri's 67 per cent stake in the bank. Banca Commerciale Italiana followed suit, adding L184 to L4,615.

Sme remained suspended but Consob said that trading in the shares could resume on Monday, provided that Iri gave a clear indication of its plans for the state-controlled food group at a board meeting scheduled for today.

FRANKFURT was soured by a cut in the Metallgesellschaft dividend and only slightly appeased by better-than-expected profits from Hoechst. The DAX index closed 6.89 lower at 1,544.76, fractionally down on the week in turnover of DM4.4bn after DM5.5bn.

The metals company fell DM4.80 to DM323 and the chemicals group rose DM1.40 to DM241.90. BASF fell another DM2.30 to DM207.70 after seriously disappointing figures on Thursday.

Carmakers fell, with VW losing DM2.80 to DM287.50 following its Audi unit's announcement of plans to cut its workforce.

BRUSSELS rose on hopes that further interest rate cuts were on the way. The Bel-20 index added 7.62 to 1,142.82, up 0.4 per cent on the week.

Shares in Banque Bruxelles Lambert remained suspended after news that Internationale Nederlanden Groep was withdrawing its bid for BBL. But the shares were quoted 12 per cent down at BFr2,900 in the pre-bourse. BBL's shareholder, Groupe Bruxelles Lambert, fell BFr100 or 3.6 per cent to BFr2,700.

AMSTERDAM was mixed to easier as the CBS Tendency index fell 0.3 to 103.4, down 1.3 per cent on the week. ING jumped Fl 1.60 or 3.3 per cent on news that it had decided against taking over BBL.

MADRID saw profit-taking and the general index fell 2.73 to 212.75, but it still came out 5 per cent ahead on the week, lifted by better-than-expected inflation figures last Friday.

SOUTH AFRICA

JOHANNESBURG ended mixed after drifting sideways in quiet trading. Gains in selected index-linked industrial shares boosted the index 12 to 4,077 and the all-share index rose 8 to 3,047. The gold index added 3 to 768.

Adjusting to life under President Bill Clinton

Patrick Harverson on Wall Street's election tactics

In this tumultuous election year, the stock market got its retaliation in first.

Instead of waiting until after polling day, investors responded to what they thought would happen – a win for the Democrats – well before November 3.

Investors imagined what life would be like if Governor Bill Clinton became president and re-positioned their portfolios accordingly. The beneficiaries were stocks closely tied to the economic cycle, especially those which would benefit from heavy expenditure on infrastructure projects.

The biggest losers were pharmaceutical companies, on fears that a Clinton administration would impose controls on drug prices to slow the pace of healthcare inflation.

While there was plenty of activity in a few individual sectors and stocks, there was no discernible pattern to trading in the months before the election. From early July, when the Democratic challenger first began to build a solid lead in the polls, to the campaign's final day, the Dow Jones Industrial Average fell 3 per cent to just over 3,250, and the Standard & Poor's 500 rose 1.7 per cent to around 420.

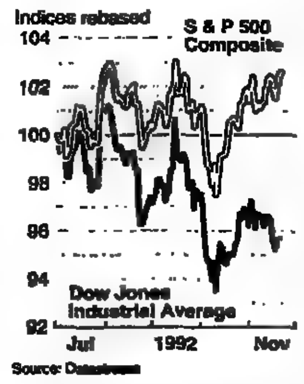
Secondary stocks, however, fared much better. Between July and November the Nasdaq composite index rose more than 7 per cent to around 600, a move that probably had more to do with the oversold nature of this market in the spring and early summer than it did with the likely outcome of the presidential vote.

Once the pre-election manoeuvres were completed, the result was an anti-climax. Anyone who had looked for a big sell-off immediately after the Clinton landslide – sparked by a pro-Republican Wall Street fearful of what the new administration would do to the deficit and to top-bracket taxpayers – was disappointed.

Similarly, anyone who thought that equities might stage a big rally in anticipation of a massive boost to capital spending and economic growth also saw their hopes dashed.

Since polling day, the market has lacked a firm direction, and stock performance has been decidedly mixed. The Dow has fallen just over one per cent in the past two-and-a-half weeks, while the S & P 500 has posted a small gain of just under one per cent.

Once again, secondary stocks have made a much more determined showing. The Nasdaq composite index rose 5.6 per cent between November 3 and November 19 in extremely heavy trading. Although much of that rise was concentrated in a few big names such as Microsoft, Apple Computer and Intel, demand was reasonably widespread.



Source: Datastream

The gains here, however, have had little to do with the election result. Part of the explanation is technical – secondary issues were heavily sold in the first half of the year, led by depressed technology and healthcare stocks. It was not long before many began to look cheap again, attracting the attention of bargain-hunters and speculators.

The fundamentals were also moving in the right direction. A recent analysis of corporate earnings shows that small companies reported better profits during the second and third quarters of this year than their larger counterparts. Smaller companies have also benefited from their relative lack of exposure to overseas markets which are either entering or stuck in recession.

One factor can be tied to the election result and that is Mr Clinton's campaign pledge to cut taxes on the capital gains which small- and medium sized companies earn from long term investment holdings. Investors have not been slow to act on the implications.

Secondary stocks aside, there are several reasons why the broader market has failed to make a decisive move since election day. One is the economy. Although there have been signs of life in the last week or so, they were insufficient to convince investors that the hoped-for robust recovery is around the corner.

Another is the lack of a lead from the president-elect and his transition team. Both have taken great pains not to raise expectations too high about what will be accomplished during the first months of the new presidency.

Specifics about which policies will be introduced first have been notable for their absence. Reports have placed the size of an early 1993 economic stimulus package as high as $50bn but Democrat advisers are refusing to offer anything other than vague assurances that they will concentrate their efforts on job growth and the economy.

The time Mr Clinton is taking over cabinet appointments has also left the market in limbo. The question of who fills the top economic posts is especially important. Investors would love to see Mr Paul Volcker, the former Federal Reserve chairman, installed as Treasury secretary or perhaps Mr Robert Rubin, currently co-chairman of Goldman Sachs. Either man would bring much-needed credibility to the new administration.

Mr Clinton is unlikely to announce any appointments before next weekend's Thanksgiving holiday. Until then, and probably until the new president is inaugurated on January 20, the stock market is going to have to sit tight.

ASIA PACIFIC

Nikkei rises on hopes of political pact

Tokyo

REPORTS that the ruling Liberal Democratic Party (LDP) and opposition parties were ready to strike an agreement over parliamentary testimonies by leading LDP politicians bolstered sentiment, and the Nikkei average closed above the 17,000 level for the first time since November 5, *writes Emiko Terazono in Tokyo.*

The 225-issue average gained 162.29 to 17,033.60, a rise of 4.3 per cent on the week. The index fell to the day's low of 16,679.64 in the morning on profit-taking, but gathered upward momentum on index-linked arbitrage buying, setting a day's high of 17,188.37 in the afternoon.

Volume fell marginally from 319m to 300m shares ahead of the long weekend. The market is closed on Monday for a public holiday.

Advances led declines by 544 to 434 with 149 unchanged. The Topix index of all first-section stocks rose 2.38 to 1,276.91 and in London, the ISE/Nikkei 50 index added 0.07 to 1,026.00.

Comments by leading politicians suggesting an imminent conclusion of the current political stalemate prompted investors to place buy orders. Mr Kozo Watanabe, minister of international trade and industry, said that the government's supplementary budget package would be approved in parliament early in December.

Bank shares were higher on short-covering. Industrial Bank of Japan gained Y40 to Y2,410 and Fuji Bank gained Y10 to Y1,780.

Dealers actively traded speculative theme stocks. Mitsui Mining and Smelting, which previously attracted buying on reports that gold veins were found in the company's mining area, was the most active issue of the day, rising Y9 to Y481, while SS Pharmaceutical advanced Y20 to Y1,230.

Trading companies lost ground on reports of large hidden losses on tokkin, specified money trusts. Nichimen fell Y12 to Y345 and Marubeni lost Y2 to Y377.

Electronic issues lost ground on corporate and foreign selling. Hitachi fell Y16 to Y710 and Toshiba fell Y3 to Y609.

In Osaka, the OSE average gained 68.84 to 18,280.46 in volume of 27.1m shares. Nintendo, the video game maker, rose Y100 to Y10,100 on bargain-hunting.

Roundup

ADVANCES led the declines among the region's markets at the end of a volatile week.

BANGKOK ended 4.5 per cent higher on the day, but 4.1 per cent lower after a topsy-turvy week, as the finance ministry began to use a Bt5bn fund to buy up shares. The market had plunged in the previous two days on legal action by the Securities and Exchange Commission against a major investor and his associates.

The SET index rose 37.55 to 871.72 in turnover of Bt10.64bn. The central bank also encouraged investors back into the market and said that it was making unlimited amounts of cash available to banks and finance companies to help them with liquidity problems.

AUSTRALIA was underpinned by a recovery in banks as the All Ordinaries index rose 17.3 to 1,410.1, up 2.1 per cent on the week.

Westpac and ANZ rose 6 cents to A$2.73 and 9 to A$2.79 after reporting 1991-92 losses within expectations this week.

TAIWAN climbed on strong buying of financial shares and on news that Oung Ta-ming, head of the Hualon Group and a major market player, had decided to be a candidate in the December legislative election. The weighted index rose 41.95 to at 3,724.33, 4.7 per cent higher on the week.

HONG KONG rose for the second day, the Hang Seng index ending 23.38 higher at 5,878.79 but 7.7 per cent lower on a week during which the apparent Sino-British rift widened. Turnover shrank from HK$4.57bn to HK$2.75bn.

BOMBAY recovered from a sharp two-day fall after the BSE authorities tightened curbs on sales. The BSE index rose 56.30 to 2,479.56 but fell 4.1 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 19 1992								WEDNESDAY NOVEMBER 18 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	110.70	+0.9	107.09	86.38	90.87	107.57	+1.4	4.52	109.76	106.99	86.28	91.16	106.11	158.68	108.18	156.59
Austria (19)	142.97	+1.5	138.32	111.57	117.37	117.24	+0.8	2.41	140.89	137.34	110.75	117.02	116.34	186.70	138.51	175.31
Belgium (42)	137.05	+1.3	132.59	106.94	112.51	109.66	+0.2	5.82	135.34	131.93	106.36	112.41	109.48	152.27	134.41	136.47
Canada (114)	111.98	+0.2	108.33	87.38	91.92	103.26	+0.1	3.38	111.76	108.93	87.84	92.81	103.18	142.12	111.36	139.19
Denmark (34)	196.28	-1.2	189.89	153.17	161.13	162.91	-1.7	1.68	198.62	193.61	156.13	164.96	165.73	273.84	184.16	260.92
Finland (15)	66.08	-1.4	63.93	51.57	54.25	70.52	-1.5	2.00	66.99	65.30	52.66	55.64	71.56	89.80	52.84	81.87
France (96)	142.74	-1.0	138.09	111.38	117.16	119.51	-2.0	3.77	144.20	140.56	113.34	119.75	121.92	168.75	142.74	142.73
Germany (64)	107.44	+1.6	103.94	83.85	88.20	88.20	+0.3	2.61	105.87	103.20	83.23	87.93	87.93	129.69	102.51	114.18
Hong Kong (53)	236.76	-0.3	229.05	184.75	194.37	235.18	-0.3	3.82	237.36	231.37	186.57	197.15	235.82	262.26	176.36	175.03
Ireland (16)	123.43	+0.0	119.41	96.32	101.33	104.02	-0.3	5.27	123.48	120.36	97.06	102.55	104.34	173.71	122.98	161.74
Italy (77)	60.53	-1.5	58.56	47.24	49.69	61.33	-2.3	3.39	61.50	59.95	48.34	51.07	62.74	80.86	47.47	71.60
Japan (472)	103.58	+1.0	100.20	80.83	85.04	80.83	+0.3	1.04	102.53	99.94	80.59	85.17	80.59	140.95	87.27	134.41
Malaysia (69)	273.06	-0.6	264.16	213.07	224.15	265.48	-0.6	2.47	274.71	267.78	215.93	228.15	267.04	282.42	212.49	206.10
Mexico (18)	1518.92	+1.3	1469.45	1185.29	1246.91	5167.30	+1.3	1.16	1499.35	1461.49	1178.54	1245.27	5101.54	1789.77	1185.84	1302.06
Netherland (25)	150.80	+1.0	145.89	117.67	123.80	122.17	-0.2	4.66	149.36	145.59	117.40	124.05	122.47	168.70	147.88	147.23
New Zealand (13)	39.73	+1.1	38.44	31.01	32.62	40.77	+1.0	5.58	39.31	38.32	30.90	32.65	40.35	48.52	37.39	48.12
Norway (22)	130.98	+2.3	126.72	102.21	107.53	114.54	+1.3	2.11	128.05	124.82	100.66	106.35	113.02	192.96	128.05	178.11
Singapore (38)	193.26	-1.1	186.97	150.81	158.65	145.52	-1.1	2.26	195.46	190.52	153.63	162.35	147.17	229.53	179.65	207.70
South Africa (60)	136.02	-0.4	131.59	106.14	111.66	145.91	-0.5	3.52	136.61	133.16	107.38	113.46	146.70	263.60	136.02	263.96
Spain (48)	118.89	+2.9	115.02	92.78	97.60	101.82	+1.8	5.90	115.57	112.65	90.84	95.98	99.98	161.72	107.10	148.75
Sweden (31)	150.42	-2.4	145.52	117.38	123.48	145.48	+4.7	2.70	154.11	150.22	121.14	128.00	138.88	200.28	149.69	173.57
Switzerland (60)	104.79	+2.3	101.37	81.76	86.03	93.06	+0.7	2.30	102.40	99.82	80.50	85.06	92.44	122.37	95.99	97.01
United Kingdom (228)	164.90	+0.9	159.53	128.67	135.36	159.53	+0.1	4.80	163.45	159.36	128.49	135.77	159.36	200.07	161.86	177.35
USA (522)	173.21	+0.2	167.57	135.17	142.20	173.21	+0.2	2.93	172.91	168.54	135.92	143.62	172.91	173.39	160.92	154.62
Europe (780)	133.20	+0.7	128.87	103.95	109.35	119.31	-0.1	3.94	132.32	128.98	104.01	109.90	119.39	158.86	131.85	141.70
Nordic (102)	141.49	-1.7	136.88	110.41	116.15	124.62	+2.4	2.32	143.87	140.24	113.09	119.49	121.74	188.52	141.24	178.89
Pacific Basin (713)	108.12	+0.9	104.60	84.37	88.76	88.20	+0.5	1.40	107.17	104.46	84.24	89.01	86.96	141.97	93.70	135.92
Euro – Pacific (1493)	118.27	+0.8	114.42	92.28	97.08	99.50	+0.1	2.56	117.34	114.38	92.23	97.45	99.36	145.21	113.80	138.56
North America (636)	169.41	+0.2	163.90	132.22	139.10	168.46	+0.2	2.95	169.12	164.85	132.95	140.48	168.18	170.49	156.70	153.58
Europe Ex. UK (552)	113.95	+0.5	110.24	88.94	93.57	97.38	-0.2	3.48	113.35	110.49	89.12	94.16	97.66	132.98	112.24	120.31
Pacific Ex. Japan (241)	152.74	+0.0	147.77	119.21	125.40	140.83	+0.2	3.77	152.72	148.87	120.07	126.86	140.59	175.31	149.00	150.77
World Ex. US (1685)	119.10	+0.8	115.22	92.94	97.77	101.38	+0.1	2.56	118.20	115.22	92.92	98.17	101.26	146.91	115.88	140.69
World Ex. UK (1979)	133.71	+0.5	129.35	104.34	109.77	119.88	+0.1	2.52	133.08	129.72	104.62	110.54	119.70	150.58	127.21	141.15
World Ex. So. Af. (2147)	136.54	+0.5	132.09	106.56	112.10	123.14	+0.1	2.73	135.84	132.41	106.79	112.83	122.98	153.05	130.04	143.50
World Ex. Japan (1735)	155.04	+0.3	149.99	121.00	127.30	148.18	+0.1	3.31	154.53	150.63	121.48	128.36	148.05	165.40	151.93	150.91
The World Index (2207)	136.42	+0.5	131.98	106.46	112.00	123.39	+0.1	2.73	135.73	132.30	106.69	112.74	123.22	163.70	130.66	144.30

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LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 8¼pc 1993		100¼	—	100½	97½	8.22	6.76
10pc 1993‡‡		101⅜	—	101½	99⅛	9.87	6.61
12½pc 1993‡‡		103⅜	—	104⅛	100½	12.06	6.43
Funding 6pc 1993‡‡		99½	—	100	95⅜	6.00	6.67
Treas 13¾pc 1993‡‡		107⅜	—	107⅝	103⅜	[illegible]	6.35
8½pc 1994		102⅜	—	102½	96¼	8.31	6.42
14½pc 1994‡‡		109½	—	110⅜	104½	13.22	6.45
Exch 13½pc 1994		109½	—	110⅜	103½	12.34	6.53
Treas. 10pc Ln. 1994‡‡		105⅜xd	—	105½	98½	9.52	6.53
Exch 12½pc 1994		109½	—	110⅞	103⅜	11.42	6.65
Treas 9pc 1994‡‡		104½	—	104½	96⅝	[illegible]	6.54
12pc 1995		110⅜	-⅛	111⅛	102½	10.88	6.81
Exch 3pc Gas 90-95		95	—	95¼	88¼	3.16	5.20
10¼pc 1995		105⅜	-⅛	105¼	99⅜	9.46	6.73
Treas 12¾pc 1995‡‡		115½	-⅛	116¼	106¼	11.04	6.92
14pc 1996		119¼	-⅛	119½	109½	11.70	7.24
9pc 1992-96‡‡		103½	—	104½	96⅜	8.67	6.54
15¼pc 1996‡‡		123⅝	-⅛	125¼	113½	12.31	7.29
Exch 13¼pc 1996‡‡		118⅛	-⅛	119⅛	108	11.22	7.29
Conversion 10pc 1996		109⅝	-⅛	110½	98½	9.12	7.17
Treas 13¼pc 1997‡‡		125⅝	-¼	127½	109½	10.88	7.35
Exch 10½pc 1997		111⅝	-⅛	112⅞	100½	9.41	7.25
Treas 8¾pc 1997‡‡		106¼	-⅛	107½	94	8.24	7.17
6¾pc '97 ‡‡		29⅜	-⅛	30½	25	8.39	7.19
Five to Fifteen Years							
Exch 15pc 1997		130⅝	-⅛	131⅛	117½	11.50	7.66
9¾pc 1998		109¼	-⅛	111⅜	97½	8.90	7.42
Treas 7¼pc 1998		25½	-⅛	27⅛	25	7.24	7.20
Treas 6¾pc 1995-98‡‡		98⅛	-¼	99⅜	86½	6.88	7.19
15½pc '98‡‡		135½	-½	137½	123⅛	11.44	7.80
Exch 12pc 1998		118½	-⅜	121⅛	107½	10.04	7.85
Treas 9½pc 1999‡‡		108⅝	-⅛	111⅛	97⅜	8.71	7.80
Exch 12¼pc 1999		121⅜	-⅛	123⅜	109½	10.12	7.94
Treas 10½pc 1999		118⅝	-⅛	118⅜	101½	9.22	7.74

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Conversion 10¼pc 1999		113⅜	-⅛	116½	100½	9.06	7.76
9pc 2000‡‡		106½	-⅛	109⅛	94⅞	8.44	7.79
Treas 13pc 2000		126⅜	-⅛	128⅝	114½	10.30	8.30
10pc 2001		110½	-¼	113½	99½	9.02	8.16
14pc '98-01		126⅝	-¼	128½	113½	11.09	7.87
9¾pc 2002		106	-⅛	111⅞	98⅛	8.94	8.38
10pc 2003		110⅛	-⅛	113⅛	100⅛	9.08	8.55
Treas 11½pc 2001-04		117⅜	-⅛	120¼	107⅛	9.78	8.51
Funding 3½pc '99-04		68⅛	-⅛	69⅝	59½	5.14	7.71
Conversion 9½pc 2004		106⅜	-⅛	109⅛	96½	8.91	8.60
9½pc 2005		108½	-¼	109⅜	95½	8.92	8.62
Treas 12½pc 2003-05		125⅜	-⅛	128¼	116⅛	9.99	8.87
8pc 2002-06‡‡		96	-¼	97½	85½	8.33	8.57
Treas 11¾pc 2003-07		119½	-¼	122⅝	110½	9.83	8.79
Treas 8½pc 2007 ‡‡		98⅜	-⅛	100½	89½	8.66	8.70
13½pc '04-08		130⅜	-⅛	136½	123½	10.22	8.94
Over Fifteen Years							
9pc 2008 ‡‡		102⅛	-½	104½	93½	8.81	8.75
8pc 2009		93¼	-⅜	95⅜	86⅜	8.58	8.79
8pc 2009 A		23⅜	-⅜	25½	23⅛	8.60	8.81
Conv 9pc Ln 2011 ‡‡		101½	-¼	103⅝	93½	8.87	8.29
Treas. 9pc 2012		101½	-¼	103½	93½	8.88	8.84
9pc 2012 A		101⅛	-¼	103½	94¼	8.86	8.84
Treas 5½pc 2008-12‡‡		71⅛	-⅛	72⅝	62⅝	7.79	8.55
7¾pc 2012-15‡‡		90⅝	-⅛	92⅛	81½	8.59	8.60
Exch 12pc '13-'17		127⅜xd	-⅛	130½	118½	9.41	9.05
Treas 8¾pc 2017		98½	-¼	101⅜	91½	8.94	8.87
8¾pc 2017 A ‡‡		98½	-¼	101⅜	91⅛	8.90	8.87
Undated							
Consols 4pc		44¼	—	45⅛	39⅝	8.94	-
War Loan 3½pc‡‡		38½xd	+⅛	40¼	35⅜	8.97	-
Conv 3½pc '61 Aft		62½	+⅛	63½	56	5.60	-
Treas 3pc '66 Aft		34⅞	—	35	29½	8.71	-
Consols 2½pc		29¼	—	29½	24½	8.65	-
Treas. 2½pc		28⅛	—	29	24½	8.87	-

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	132⅛	+⅛	132⅝	122⅝	0.81	1.69
2pc '96	(67.9)	187⅛	+⅛	187⅛	176⅛	1.72	2.44
4⅝pc '98	(135.3)	91½	-⅛	93⅛	85½	2.79	3.30
2½pc '01	(78.3)	161½	-⅛	162½	139⅛	3.08	3.41
2½pc '03	(78.8)	157⅝	-⅛	158⅝	135	3.21	3.50
4⅜pc '04	(135.3)	57½	-⅛	[illegible]	51⅝	3.35	3.62
2pc '06	(69.5)	161⅛	-⅛	162½	137⅛	3.41	3.64
2½pc '09	(78.8)	145⅞	-¼	147½	124½	3.67	3.77
2½pc '11	(74.6)	150⅝	-⅛	152½	129⅛	3.69	3.79
2½pc '13	(89.2)	123½	-⅛	125⅛	106⅛	3.64	3.81
2½pc '16	(81.6)	132	-⅛	133½	112⅞	3.67	3.84
2½pc '20	(83.0)	128½	-⅛	128½	107½	3.71	3.86
2½pc '24‡‡	(97.7)	104⅛	-⅛	108½	88⅞	3.74	3.87
4⅛pc '30‡‡	(135.1)	105⅜	-⅛	107½	91½	3.76	3.80

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1992 138.8 and for October 1992. 139.9

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		116½	-⅛	118⅛	105⅝	9.64	9.17
Asian Dev 10¼pc 2009		108½	-½	111½	100⅛	9.38	9.11
B'ham 11½pc 2012		114¼	-¼	116	102¼	10.07	9.69
Ireland Cap 8½pc '10		98¼	-1¼	100	88¼	8.61	-
9pc Cap 1996		103	-1½	105½	90	8.74	-
13pc '97-02		117	-2	119¼	103⅞	11.11	-
Hydro Quebec 15pc 2011		139⅛	-1½	141½	130⅞	10.78	10.29
Leeds 13½pc 2006		128¼	-¼	129½	116¼	10.53	9.78
Liverpool 3½pc Irred		34	-¼	38	30	[illegible]	-
LCC 3pc '20 Aft		30	-¼	32	27	[illegible]	-
Manchester 11½pc 2007		114¼	-¼	115½	103¼	10.07	9.70
Met. Wtr. 3pc 'B'		62	-¼	63¾	53	4.84	8.55
N'wide Anglia 3¾pc 2021		118¾	-¼	121	103¼	-	4.93
4¼pc IL 2024		118½	-¼	118¾	103¼	-	4.80
Utd Mex States 16½pc 2008		130¼	-¼	131½	121½	12.87	12.15

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 High	1992 Low	Mkt Cap £m	Yld Gr's
Abbott Labs	h	23¼xd	-⅛	23½	14⅞	17,[illegible]	1.9
♥Allegheny & W.		455p	-10	454p	226p	220.[illegible]	4.4
Amdahl		[illegible]	-6	1159p	455p	[illegible]	1.2
Amer Cyanamid		35⅛	+⅛	37⅝	28⅝	3,270	2.9
Amer Express		14½xd	-⅛	14⅝	10⅞	6,013	4.4
Amer T & T		28⅝xd	+⅛	30⅛	23⅛	40,7[illegible]	2.7
Ameritech		42⅝	+⅛	42½	32½	15,[illegible]	5.1
BankAmerica		27⅞xd	-⅛	29½	19⅛	9,[illegible]	3.8
Bankers NY		42⅝xd	-⅛	44	28⅞	3,421	4.1
Bell Atlantic		31	+⅛	31⅛	23⅛	12,[illegible]	5.3
BellSouth		32⅛	+⅛	34⅛	25	16,7[illegible]	5.4
♥Bethlehem Steel		[illegible]	-⅛	9⅞	5⅛	774.[illegible]	–
Bowater		1430p	–	1870p	906p	[illegible]	3.3
CPC	h	31½xd	-⅛	33	22⅞	4,[illegible]	2.4
♥Cadiz Land Inc.		129p	–	342p	108p	–	–
California Engy		599p	–	599p	591p	10[illegible]	–
Chase Manhattan		16⅞xd	–	17⅛	9⅛	2,519	4.5
Chrysler		16¾xd	+⅜	18½	6⅛	6,2[illegible]	2.1
Citicorp		11½xd	+⅛	12⅞	5⅞	4,341	–
Colgate-Palm		38⅛xd	–	38⅛	25⅛	[illegible]	2.8
Cont'l Bank		1220p	-[illegible]	1255p	489p	1,2[illegible]	3.1
Dana		[illegible]	–	28⅞	14⅞	1,[illegible]	3.6
Data General		769p	+20	1004p	304p	[illegible]	–
♥Decora Inds		146p	–	146p	88p	–	–
Dun & Brad		37⅛	+⅛	[illegible]	27⅞	[illegible]	3.9
Eaton		45⅞	-⅛	48⅛	32½	1,6[illegible]	3.0
Echlin		12⅛xd	-⅜	13½	7⅛	758.4	3.3
FPL		23½xd	-⅛	23⅛	17½	4,244	6.5
Fluor		28½xd	–	29⅝	19⅛	2,311	0.9
Ford Motor		25⅞xd	+⅛	26⅛	15	12,482	2.5
Gen Elec		50½xd	-⅛	51⅛	38⅛	43,4[illegible]	2.9
♥General Host		572p	-11	[illegible]	380p	–	3.9
Gillette		37⅞xd	-⅛	40	23½	8,[illegible]	1.2
Hasbro		21⅞	-⅛	22⅛	12⅛	1,877	0.6
Honeywell		42⅛	-⅛	49	32	2,[illegible]	2.7

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+or-	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv ♣†	[illegible]	+2	183	147	3.2	213.3	14.9
Warrants	32½	+1	38	21	–	–	–
Scot Mortgage ♣†	174	+1	174	135	[illegible]	201.2	13.5
Scot National Inc♣	75½xd	—	107	65¼	15.5	–	–
Cap	18	+1	42	12½	–	33.3	49.0
Stepped Pf	102¾	—	155½	125	6.2	–	–
Zero Div Pf	[illegible]	+½	202	166¼	–	–	–
Warrants	[illegible]	—	9	3	–	–	–
Scot Value	[illegible]	—	[illegible]	48	3.8	87.9	2.7
Sec Alliance ♣	1330	+6	1330	1066	3.0	1511.8	11.4
Second Market	254	—	266	222	0.8	298.3	14.9
Sec Tst Scot ♣	71½	—	76½	61	6.1	77.6	8.5
Select Assets	[illegible]	-1	108	78½	1.1	155.5	31.2
Eq Ind Sert	128	+6	128	105	4.8	–	–
Eq Ind Sert	128	+3	128	106	4.6	–	–
SHIRESCOT	98	—	99	95	–	101.0	2.0
Shires ♣	225	+2	249	188	11.1	219.3	-2.6
11pc Cv Ln '03/04	£117	+½	£119½	£95¼	9.4	–	–
Sum Select	99	—	103	68	9.3	132.9	25.9
Warrants	15	—	21	10	–	–	–
Smaller Cos	66	—	66	60	6.1	78.1	16.1
Warrants	10	—	20	10	–	–	–
Somerset Tst	115	—	148	55	–	68.2	-69.3
Sphere Inc N	12½	-½	20	9½	30.1	20.0	40.9
Zero Div Pf	76¼	+½	77¼	63¼	–	–	–
Somil	35	—	55	30	4.8	93.4	62.5
TR City of Lon	118½	+1	127½	97½	4.4	119.0	0.5
TR Euro Growth ♣	75	—	88	70	2.4	90.0	16.5
Pig Sub	33	—	54	33	5.5	–	–
TR Far East Inc ♣	111xd	+2	115	75	5.4	120.2	8.1
Warrants	18½	—	22	12	–	–	–
TR High Inc	110	+1	118	91	7.3	105.4	-4.8
Sub ♦	31	—	38	21	9.6	–	–
TR Pacific ♣	88	+1	108	70	0.3	111.5	12.1
TR Prop ♣	19½	-½	27	14½	‡	28.7	31.2
TR Smaller ♣	120	—	132	98	4.1	143.2	16.1
TR Technology ♣	31	—	37	18	7.5	150.0	80.1
Units	1868xd	—	1875	1700	2.2	2267.4	17.6
Stepped Pf	97¼xd	—	102¼	89¾	7.6	–	–
Zero Pf	188½	+½	188½	154½	–	–	–
Temple Bar ♣N	260	+1	277	226	8.5	285.6	7.3
6pc Cv Ln 2002	230	—	£117½	280	4.5	–	–
Templeton Em	215	+1	226	165	1.8	207.2	-3.5
Warrants	95	+2	105	39	–	–	–

MEDIA - Cont.

Notes	Price	+or-	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Ulster TV †	284	—	288	154	27.7	3.8	18.3
Utd News	488	+7	488	333	[illegible]	6.0	18.0
VTR	38xd	—	86	38	2.70	11.9	♦
WPP	42	—	116	31	97.4	–	–
Warrants	6	—	8½	1½	0.25	–	–
Watmoughs †	400	—	*400	301	169.7	3.0	20.4
Yorkshire Tyne-T.	114	-1	181½	114	56.9	14.0	4.0
Warrants	9	—	15	9	0.80	–	–

MERCHANT BANKS

Notes	Price	+or-	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Ansbacher (H)	31	—	34	26	37.0	–	♦
Barings 8pc Cm 2nd Pf	98	—	101	83½	11.9	11.2	–
9¼pc Non-Cum Pf	115	-½	125	103¼	46.6	11.3	–
Close Bros	222	+1	267	205	95.3	5.7	9.9
Hambros ♣	236xd	+1	298	202	407.4	7.8	10.4
7½pc Cv Pf	118½	—	119	91¼	105.6	9.0	–
Joseph (L)	[illegible]	—	[illegible]	[illegible]	18.2	6.9	–
Kleinwort Benson	[illegible]	-2	[illegible]	212	372.5	7.5	24.9
Rea Bros ♣	36	+1	37	25	14.1	1.9	–
Schroders ♣†	[illegible]	-6	[illegible]	1040	[illegible]	1.8	15.1
N/V †	1100	-5	1150	883	144.6	2.2	12.8
Singer & Fried ♣	42	—	58	34	60.8	7.9	9.2
Warburg (SG) ♣	486xd	—	605	403	1,083	4.9	14.5
8pc Cv Pf	171	—	204	137	72.8	4.7	–
Wintrust	[illegible]	—	258	185	16.1	6.5	7.3

METALS & METAL FORMING

Notes	Price	+or-	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW †	38	—	166	59	37.0	‡	10.6
Apollo Metals	84	-1	147	73	9.88	6.5	9.2
Ash & Lacy	138	—	188	123	34.8	6.6	10.7
Barrett (H) ‡	76	—	46	7	2.84	‡	18.2
Billam (J) †	108	—	144	84	2.87	4.5	5.9
Brit Steel K	88	—	88	43½	1,008	2.7	47.8
BCI	17xd	—	38	15	14.7	18.1	7.0
Castings	153	—	196	118	34.8	3.4	11.0
Chamber & Hill	110xd	—	140	[illegible]	8.84	7.3	8.6
Cohen (A) ‡	[illegible]	—	400	[illegible]	4.73	‡	–

MINES - Cont.

Notes	Price	+or-	1992 high	low	Mkt Cap£m	Yld Gr's
Glencar Expl IE	7½	—	16	6	1.39	–
Greenwich Res	8½	—	11	2	4.06	–
Hemlo Gold C$	£4¼	-⅛	[illegible]	£3¾	307.7	2.4
Ivernia West IE	38	—	53	32	18.6	–
Kells Mins IE	18	—	42	12	0.31	–
Kenmare	3¼	+¼	6½	2¼	3.50	–
Malinga Res	15½	—	46	8	1.71	–
Navan Res IE	33½	+2	35½	16	4.49	–
Oryx Gold	48	—	100	47½	–	–
Plateau	34	—	13	3	1.37	–
RTZ	[illegible]	+6	[illegible]	489	[illegible]	4.3
Vizcaya	1¼	—	3	1	0.67	–
Western & Pac C$	21½	—	[illegible]	7	11.9	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ╪ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
j Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Not subject to ACT.
z Dividend yield includes a special payment
E Assumed issue
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

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FINANCIAL TIMES
Weekend November 21/November 22 1992

Flickering fortunes: Firefighters believed they had the fire under control yesterday until it burst through the roof of the Brunswick Tower

Art works threatened as blaze sweeps through Windsor Castle

By Richard Evans

FIRE swept through the north-east wing of Windsor Castle yesterday causing millions of pounds of damage and threatening priceless paintings and other art treasures.

The blaze broke out shortly before midday in the basement of the Brunswick Tower overlooking Windsor Great Park. It rapidly spread to St George's Hall where many of the Queen's most valuable paintings hang below the vaulted wooden roof.

Twenty-five fire engines and more than 150 firefighters from four counties struggled to bring the blaze under control, but after nearly four hours the flames burst through the roof of Brunswick Tower.

Many of the most valuable art works were saved by teams of firemen, soldiers and castle employees, but the final cost of lost pictures and other valuables, as well as the damage to the castle structure, is certain to be considerable.

A Buckingham Palace spokesman said first assessments were that "only a handful" of works of art had been lost. "It is certainly too early to say how much damage has been done, but we can say a great deal has been saved."

The Queen watches the Windsor blaze from a safe distance

Sir Roy Strong, former director of the Victoria and Albert museum, said the Queen had one of the world's greatest art collections, much of it held at Windsor. "If the fire spreads it could turn out to be one of the greatest heritage disasters ever suffered by this country," he said. The area of the castle affected was an example of regency decoration "on a spectacular scale".

Like most government buildings, royal palaces are not insured because premiums would be too high. The repair bill, likely to run into millions, will probably be the responsibility of Mr Peter Brooke, national heritage secretary. A heritage department spokesman said: "We are responsible for financing the repair and maintenance of occupied royal palaces. If it turns out there is a significant repair bill the royal household will come to us and we will be expected to pay it."

Neither the Queen nor the Duke of Edinburgh, who celebrated their 45th wedding anniversary yesterday, were at the castle when the fire broke out, although the Queen later went to Windsor briefly.

The Duke of York, who was at the castle doing research work, said many valuables had been saved because the fire had started in daylight when many people were about.

The immediate cause of the blaze was unknown, but the fire broke out in an area of the castle closed for renovation, including rewiring, at a cost of more than £2m.

One man who suffered burns was treated at Wexham Park hospital, Slough, but was not badly injured.

Windsor Castle ranks sixth among historic properties as a tourist attraction, with 630,000 visitors last year.

It was founded by William the Conqueror but has subsequently been greatly altered and extended.

The blaze comes just six years after fire destroyed part of Hampton Court palace which cost £10m to repair.

EC job losses to pass 40,000 mark

By David Goodhart and our Foreign Staff

NEARLY 40,000 redundancies were announced throughout the European Community this week, about a quarter of them in the UK. Britain has been leading the upturn in EC-wide unemployment, which began in early 1991, and accounted for more than 50 per cent of the increase in the year to August 1992.

Much worse is likely to come in Britain and the rest of the EC. Mr Henning Christophersen, the EC economics commissioner, predicted that EC unemployment would rise from its present rate of 9.6 per cent to 11 per cent next year. That would be higher than in the last economic cycle when EC unemployment peaked at 10.9 per cent in early 1986.

Compared with the early 1980s, the latest increase has been more gradual but it started from a much higher base, with unemployment rising from a low of 8.4 per cent in 1990 compared with a low of 5.7 per cent in 1979. After Britain, this week's heaviest job losses were recorded in Germany.

Daimler-Benz confirmed a cut of 40,000 in total by the end of 1994 most of which had already been announced, BASF announced another 2,000 jobs to go, Audi about 3,500. Separately, post office workers warned that 30,000 to 40,000 jobs are threatened by rationalisation plans.

In the Netherlands, as in Germany, compulsory redundancies are rare and much discussion this week has centred on whether to freeze wage rises in order to secure jobs. Philips, however, announced another 250 job losses and PTT Telecom about 230.

In Italy, the impact of recession on employment continues to be cushioned by complex labour legislation which makes cutting jobs costly for employers. Fiat, the bellwether of industrial employment in the north, has 35,000 workers laid off until the end of the month because of falling car demand. But the main alarm this week has been over estimates by the three main union confederations that the government's privatisation programme could cost 150,000 jobs.

In Portugal, which has the second lowest unemployment rate in the EC at 4.5 per cent, 1,300 workers are expected to take voluntary redundancy from TAP-Air Portugal. In the Republic of Ireland, the EC country with the highest rate at 18 per cent, unusually, virtually no redundancies were announced. A general election campaign is underway and unemployment is a key issue. Aer Lingus, the national airline, has put off a restructuring announcement.

Trade war averted by EC-US deal

Continued from Page 1

agreed that any new entrants to the Community would also have to limit their oilseeds production.

Under the accord, EC oilseeds production will be restricted to the 5.128m hectares sown area contained in the EC's reform of the Common Agricultural Policy (CAP), instead of being subject to a formal tonnage limit as had been previously discussed.

This suggests an output limit of 9.7m tonnes on this year's crop yields, or 11m tonnes on the basis of last year's yields.

The CAP implies taking 15 per cent of land out of production, but the agreement reached yesterday obliges the EC to "set aside" only 10 per cent of oilseeds land.

The overall volume of EC subsidised farm exports will be cut by 21 per cent, rather than the 24 per cent prescribed in the Uruguay Round draft "final act". Mr MacSharry said this was "well within, with a good margin to spare", the projections on output and exports of the CAP.

Direct payments to EC farmers in compensation for CAP price and production cuts will be exempt from Gatt cuts. The US will also undertake to monitor exports to the EC of its cheap cereals substitutes such as corn gluten in exchange for EC export restraint. This is the so-called "rebalancing" demand, which had been made by both France and Germany.

THE LEX COLUMN

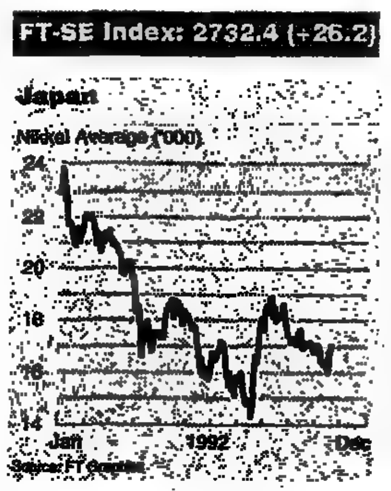
That strain again

At least sterling is on the sidelines this time. Otherwise, the unrest in the ERM looks like a re-run of last September when one currency after another came under attack. Norway may now end up having to float and at some stage an ERM realignment involving the Spanish peseta, Portuguese escudo and Irish punt looks inevitable. That much would simply settle business left unfinished from the last bout of trouble: the three weakest currencies in the system were clearly overvalued after the depreciation sustained by sterling and the lira.

The harder questions are whether the French franc is vulnerable and, if so, whether Germany can be persuaded to calm the markets down with a rate cut. The Bundesbank is still worried about government's lack of grip on the budget, not to mention the effect of January's VAT increase and the level of wage increases. Short of a sustained attack on the French franc – which is still showing no sign of strain within the system – it would probably still be reluctant to relax further for the time being.

Yet Sweden's decision to float its currency has again highlighted the absurdity of running a tight money policy in the face of recession. Germany's problems are not nearly as bad, but the weakness of the D-Mark against both the dollar and the Swiss franc suggests the foreign exchange markets are less convinced than before about how long a tight money policy can be sustained. One must be wary of premature celebration, but the day may not be too far off when monetary policy across Europe as a whole shifts towards growth. That prospect, and the hope that the French can be finally persuaded to sign up to a Gatt agreement, amply justify yesterday's 26 point gain in the FT-SE.

FT-SE Index: 2732.4 (+26.2)



Privatised debt

If the government is pleased with its auction of privatised company debt it should tell the market why. The competition in the bidding process certainly suggests the bonds were not sold at bargain-basement prices. In this respect the auction could be something of an improvement over the original privatisations. Even so, the total lack of price data makes the auction uniquely opaque for a sale of public assets.

Given the size of the PSBR, the Treasury will probably come back for more next year. By then covenants stopping it from offering electricity company debt to third parties will have expired. That might encourage those electricity companies which declined to put in a bid this time to take part. After all, BT can hardly be pleased to see £410m of its debt passing from the Treasury vaults into the hands of investment bankers.

In theory the government, too, might have preferred to see BT buy back all its own debt. One can hardly imagine UBS Phillips & Drew and Goldman Sachs bought the bonds as an investment. The risk is that the Bank of England may face competition for its gilts auction next week as BT debt, with the same maturity, is hawked around the City. But BT bonds are by no means a direct substitute for gilts and the banks will repackage some of the bonds before selling them on. With a bit of luck, most will find their way overseas. With 10-year gilt yields little more than 1 per cent higher than German bunds, there is little immediate hope of foreign investors buying gilts.

Building materials

This week's announcement that Blue Circle is closing or mothballing 15 per cent of its UK cement capacity is depressing news for investors in the UK building materials sector. It is the most striking admission to date that cost cutting alone is not enough. Output remains excessive given the low levels of demand expected by the industry for another couple of years.

Blue Circle, at least, has a sufficiently robust balance sheet to be able to absorb an 8 per cent hit to shareholders' funds (including the planned property write down also revealed on Thursday). The cement market, moreover, is concentrated into just three big players, which not only makes capacity cuts easier to manage but helps maintain price discipline and thus the chance of an early payback. Elsewhere, things are less happy. Redland is playing a longer game but so far its efforts to cut brick capacity in the wake of the Steetley takeover have had little effect on prices.

In aggregates Tarmac is making some cuts, but progress towards a better balance is hindered by the fragmented nature of the market and companies' need to run for cash. With construction output expected to be down 5 per cent in 1993 – on top of this year's likely 10 per cent – it is hard to be enthusiastic about any shares in this sector.

Japan

This week's sharp rise in the Nikkei index had the feel of an orchestrated move and was in marked contrast to yesterday's 21 per cent fall in NTT's half-year profits. The government does not want the market to slip back below the 16,000 level and released public savings for investment in equities to halt the slide. In the short-term government support may keep the market in a trading range, but longer term problems remain.

The government's supplementary budget was designed to reflate the economy and support land prices, thus easing pressure on the financial system and industrial companies. That package is currently bogged down in parliament and public money will not be available to help fund the banks' bad debt lifeboat. Some tax relief may be allowed on such debts, but with land prices continuing to fall and regional banks under pressure as their industrial loans start to turn sour, the financial system is still rickety.

Ironically, industrial companies may not benefit much if the emergency package is eventually passed, because they may be tempted to avoid tackling their underlying problems. Costs in Japanese manufacturing grew far too quickly in the boom years. The ratio of costs to total sales increased from 76 per cent in 1979 to 88 per cent last year. That left companies vulnerable to the slightest downturn in sales. Tackling those costs is a long term structural problem which will take almost as long to resolve as the bank fiasco. Companies which manage to attack their cost bases quickly stand the best chance of outperforming.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Douglas	455	+	6.5
Falls			
Allianz	522.5	–	12.5
Hochtief	1005	–	18
Holzmann Ph	890	–	25
KHD	92.5	–	7.5
Preussag	339	–	9.5
New York ($)			
Rises			
Chrysler	29	+	7/8
Damon	22 1/2	+	1 1/8
Ford	39 7/8	+	1/2
Gen Motors	30 7/8	+	1/2
Falls			
Dell Computer	34 3/8	–	3 3/4
Monsanto	55 1/4	–	1/8
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Chargeurs	1250	+	34
Fonc Lyonnaise	598	+	28
Geophysique	612	+	17
Falls			
Auxil Entrepr	642	–	67
Fin Poliet	391	–	19
Legris	121.4	–	8.6
Tokyo (Yen)			
Rises			
Fuji Robin	255	+	26
JACCS	514	+	64
EXL	850	+	80
Yahagi Iron	205	+	20
Falls			
Kinki Nippon	891	–	69
New Tachikawa	1650	–	110
London (Pence)			
Rises			
Aitken Hume	49	+	14
Brabant Resources	28	+	3
British Aerospace	133	+	7
Enterprise Comp	18 1/2	+	2
Kwik-Fit	97	+	8 1/2
Radius	38	+	5
Reed Executive	60	+	9
Regalian Props	12	+	2 3/4
Simon Eng	99	+	20
Tepnel Diagnostics	192	+	17
Tibbett & Britten	576	+	29
Young (H)	45	+	7
Falls			
ACT	135	–	8
[illegible]	17	–	16
CarnaudMetalbox	2150	–	78
Euro Disney	813	–	32
Foster (J)	32	–	6
Gardiner	8 1/2	–	7
Gleeson (MJ)	670	–	23
Jessups	68	–	7
Leigh Interests	175	–	11
Pilkington	79	–	5
Shanks & McEwan	181	–	10
Union Discount	90	–	6

World Weather

UK Today: Sunny and cold, except in the northern Scotland. In the morning but cloud and rain will move south-west and into South Wales by midday. Rain, heaviest over western hills, will later spread north-east

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Cairo	S	21	70	Inverness	S	4	39	Milan	S	12	54	Salzburg	C	3	37
Ajaccio	S	18	64	Cape Town	R	18	64	Isle of Man	R	8	46	Montreal †	S	-8	18	S Francisco †	S	8	46
Algiers	S	19	66	Cardiff	F	9	48	Istanbul	R	11	52	Moscow	R	2	36	Seoul	F	1	34
Amsterdam	F	8	46	Chicago †	R	7	45	Jersey	R	10	50	Munich	S	5	41	Singapore	F	30	86
Athens	R	13	55	Cologne	F	6	43	Johannesburg	F	23	73	Nairobi		–	–	Stockholm	Sl	1	34
Bahrain	S	24	75	Copenhagen	F	7	45	Las Palmas	F	21	70	Naples	S	15	59	Strasbourg	S	9	48
Barcelona	S	18	64	Corfu	S	17	63	Leeds	S	8	46	Nassau		–	–	Sydney	S	25	77
Beijing	S	3	37	Dallas †	C	11	52	Lisbon	S	16	61	Newcastle	F	8	46	Tangier	S	18	64
Belfast	C	6	43	Dublin	R	7	45	Locarno	S	16	61	New Delhi	S	24	75	Tel Aviv	S	25	77
Belgrade	S	9	48	Dubrovnik		–	–	London	S	7	45	New York †	S	0	32	Tenerife	C	21	70
Berlin	C	6	43	Edinburgh	C	7	45	Los Angeles †	S	16	61	Nice	S	16	61	Tokyo	H	15	59
Biarritz	F	16	61	Faro	S	18	64	Luxembourg	F	4	39	Nicosia	F	22	72	Toronto †	F	2	36
Birmingham	F	5	41	Florence	S	11	52	Madeira	C	18	64	Oporto	F	17	63	Tunis	C	20	68
Blackpool	F	9	48	Frankfurt	F	7	45	Madrid	S	14	57	Oslo	F	2	36	Valencia	S	22	72
Bombay	S	32	90	Geneva	F	9	48	Majorca	S	21	70	Paris	S	8	46	Vancouver †	C	2	36
Bordeaux	C	15	59	Gibraltar	S	17	63	Malaga	S	19	66	Perth	F	16	61	Venice	S	10	50
Boulogne	S	9	48	Glasgow	C	5	41	Malta	F	20	68	Prague	Sl	4	39	Vienna	C	4	39
Bristol	S	9	48	Guernsey	R	9	48	Manchester	S	7	45	Reykjavik	F	-1	30	Warsaw	C	4	39
Brussels	S	6	43	Helsinki	C	2	36	Melbourne	S	22	72	Rhodes	F	17	63	Washington †	C	4	39
Budapest	F	[illegible]	[illegible]	Hong Kong	S	21	70	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	C	10	50
Buenos Aires		–	–	Innsbruck	F	5	41	Miami †	R	24	75	Rome	S	16	61	Zurich	F	7	45

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

The FT goes shopping

The spirit of haute couture: supermodel Linda Evangelista in Chanel

Couture – the sizzle not the sausage

Young blood is being selected for top fashion houses. ***Brenda Polan*** *reports*

CUSTOMERS for Parisian couture clothes are variously estimated to number somewhere between 2,000 and 3,000 women. The biggest spenders come from the US and the Gulf states.

The Americans, very thin and very rich, fill the front row at the twice-yearly press showings. Women from the Gulf wait for the show to reach the Dubai Intercontinental where the proprieties of modesty can be properly observed.

Whether those women buy two or 20 outfits a season it is obvious that, even at prices which range from £5,000 to £10,000 for a daytime suit to as much as £50,600 for a beaded, embroidered evening gown, the economics do not work.

What this small number of women pays for its clothes cannot begin to even chip away at the design house's investment in its couture collection: the rich materials, the perfectionist in-house labour, the subcontracted specialist labour of *embroiderers, button-makers*, milliners, jewellery-makers, shoe-makers and furriers, the maintenance of premises, the salaries of sales staff, promotional staff, the fees of models, hairdressers, make-up artists, fitters, design assistants, parties for the press, the designer's palazzo.

Couture, the business of making extraordinarily beautiful clothes to the exact measurements of the customer, is the sizzle, not the sausage.

Its glamour sells a meaty mixture of ready-to-wear clothing (often encompassing many price points down to jeans and T-shirts), scarves, tights, costume jewellery, handbags, sunglasses, cosmetics and scent.

Scent is the really chewy part of the recipe. Chanel, for instance, is estimated to have annual revenues seriously in excess of $500m. Probably no one but the Wertheimer family, the company's reticent owners, knows the true figure. The company blithely pays an annual fine to the French government as a penalty for its steadfast refusal to come clean. It is clear, however, that a very small percentage comes from frocks or even quilted handbags and ropes of gobstopper-sized pearls. The earner is the perfume: Chanel No 5, No 19, Crystalle and Coco.

When Yves Saint Laurent, who, together with Karl Lagerfeld at Chanel, probably sells more couture clothes than anyone else, went public in 1989, priced at $500m (£322.5m) its prospectus revealed that, in 1988, 86 per cent of its sales (FFr 2.6bn) and 73 per cent of its operating profits (FFr 439m) came from its perfumes.

Arguably it is on figures such as these that various entrepreneurs have based their moves, over the last few years, into couture. For, looked at in isolation, the business of the custom-built frock is a shocking anachronism, impractical in economic terms and atavistic in moral ones.

Indeed, its almost total demise was an acknowledged fact in the 1960s. Elderly houses may have marched staidly on servicing a core of equally elderly customers, but fashion, glamour, excitement, the future, all lay elsewhere, in the ready-to-wear youth and mass markets.

The late-1980s revival of couture, when the high-gloss occupants of the fashion-show front row, women such as Ivana Trump, Lynn Wyatt, Paloma Picasso, Joan Collins, Marisa Berenson and Carole Bouquet, became household names, was *not, however, exclusively* a marketing ploy. It was equally a media-generated phenomenon.

The resuscitation of the moribund is always a good story. In 1983, Alain Wertheimer, grandson of Coco Chanel's original backer, appointed Karl Lagerfeld to the post of chief designer at the house.

Chanel couture became the only story in Paris. Fashion commentators began to write of couture as the experimental laboratory of fashion, a crucible of creativity where, freed of economic restraints, the designer could follow his muse. A new and now-monied clientele began to buy couture, welcoming a chance to flaunt its wealth and get its picture taken.

The rest of the couture houses, galvanised by all the attention, took a fresh pencil to their sketchpads and hired new, hot, ready to-wear designers: Gianfranco Ferre at Dior, Claude Montana at Lanvin. And, as the hype mushroomed from season to season and the column inches stretched, other designers begged to join – Valentino from Rome, Versace from Milan.

> *'Give us the luxuries of life and we will dispense with its necessities'*
> ***Oliver Wendell Holmes (1809-1894)***

Bernard Arnault, financial games-player, corporate predator and, as of this year, undisputed monarch of the luxury *brands conglomerate*, Louis Vuitton Möet Hennessy (LVMH), even started a new house. In 1987 he wooed Patou's chief designer, Christian Lacroix, and gave him his head and his own label. Doubtless, Arnault had pondered Chanel's and YSL's fragrance income.

Probably, he had taken into account the fact that launching a non-couture-associated scent with adequate promotion and a suitable advertising campaign costs around £30m.

Lacroix was a controversial success. Yet, when Bernard Arnault, with eye-watering alacrity, launched Lacroix's first perfume, C'est la Vie, it failed.

Arguably, Arnault, a man generally in a terrible hurry, had not given the name enough time to establish an identity away from the pages of *Vogue*, down at the sturdy base of the market where mass sales are made, where working girls cruise Printemps, Harrods or Maceys in their lunch hour, courting temptation, and everyone gets their full duty-free allowance once a year.

Since C'est la Vie's failure, Arnault has grumbled publicly about the rising costs and falling sales of Lacroix's couture and de luxe ready to wear business.

Similarly anxiety plagues the 30-year-old house of Yves Saint Laurent where Saint Laurent's partner and business brain, Pierre Bergé, has told *Le Figaro* that 15 per cent of the company is up for sale. Arnault, labelled by Serge "a bird of prey," is, allegedly, extremely interested.

He probably should not be. Last year Yves Saint Laurent decided to buy back its perfume interest from the licensee, Charles of the Ritz. Carlo de Benedetti, the Italian industrialist, backed the move, to the tune of $630m. When he ran into cashflow troubles soon afterwards, Bergé was forced to buy the 15 per cent share the investment had bought. It is these shares he is seeking to sell. New finance is necessary, he told *Figaro*, because of sharply declining sales.

YSL's published pre-tax profits for the first half of 1990 were £309,000, a sharp fall from the previous six month period's £4.9m. He blamed the recession.

Other factors are also arousing anxiety. The Single European Market, effective in two years, may undermine the duty-free market within Europe. Challenges to exclusiveness and price control by retailers such as Superdrug may ultimately devalue the glamour factor of couture perfumes. Protectionism by the new administration in the US may render French imports prohibitively expensive compared with almost equally glamorous domestic products.

A sharp fall in fragrance sales need not kill off couture. Arguably, the smaller the cake, the harder you have to try. But there is a new mood abroad in the world, one which rejects excess and conspicuous consumption. Arab women may see no reason to stop spending but they do not go out much. Once the high-profile US customers have heeded the call to the flag and learned to shop American, the front row may lose its glamour.

Alert to this danger, the Chambre Syndicale de la Couture, which regulates the couture industry, is revising its strict rules to permit more, newer, younger, design houses to qualify as couturiers.

Its aim is partly to increase the sizzle factor, partly to ensure that when the sausage pops, there is something sustaining left in the pan. A future for the couture business and its great names will do.

Spot the famous face: Shakira Caine and Joan Collins, regulars in the front row

Hey, big spenders – please come back

Alice Rawsthorn reports on the mounting problems of the luxury goods industry, which is facing both recession and a backlash against the conspicuous consumption of the 1980s

SOME people, it seems, just cannot stop spending money. The other day, a wealthy Arab commandeered no fewer than 64 rooms at the Hôtel Bristol in Paris and set off on a shopping spree with his female friends. The bill came to $500,000 – and that was just for Giorgio Armani.

Unfortunately for Armani and his fellow fashion designers, the shopaholic Arab is the exception rather than the rule. The luxury goods industry is in the doldrums.

The smart shopping streets of New York, London and Milan are scarred by boarded-up windows. Some businesses have gone bust. Others are struggling for survival.

The recession is the biggest problem, of course. Not only has it left consumers with less money to spend – it has contributed to the backlash against the conspicuous consumption of the 1980s by creating a new climate in which splashing out on status symbols is not *quite* the thing to do.

But the effect of the recession has been aggravated by the internal changes within the industry. A new breed of groups dealing in luxury goods invested in fashion during the 1980s – Dunhill with Chloé and Karl Lagerfeld; Orcofi, which owns Lanvin; and Bernard Arnault's interests, which include Christian Dior, Givenchy and Christian Lacroix.

These companies have raised the cost of competing in the luxury sector, thereby intensifying the pressure on smaller players. The problems were apparent even before the recession and now seem set to worsen in the chilly climate of the early 1990s.

When the new investors first appeared, their influence was almost purely positive. They brought new capital into the industry together with the management skills that (they hoped) would modernise the old-established fashion houses.

These groups all adopted similar strategies, generally following the precedent set by Alain Wertheimer, the reclusive Swiss businessman who took over Chanel late in the 1970s. They rationalised their newly-acquired companies by weeding out the less prestigious licences and retail outlets. They also brought in new, younger designers to revitalise the creative side of the businesses.

They harnessed the publicity generated by these designers to launch new perfumes and licenced lines. Then, they invested heavily to maintain the high profiles of their fashion houses. There were lavish fragrance launch parties, soaring advertising budgets and extravagant catwalk collections.

It is no coincidence that the rise of the super-models, with their fees of up to $10,000 a show, came at the same time as the expansion of the luxury goods groups.

All this spending made fashion *seem* more exciting. The new investors even managed to allay initial fears that transforming fashion into a *serious* business could compromise its creativity. This was mainly because one of the main themes of fashion in the 1980s was the use of the collections as publicity vehicles to generate press coverage for the scents, sunglasses and licenced lines that really made money.

It was, thus, in the financial interest of the new investors to allow their designers to be as wild and wacky as they wished. The signature Y-fronts sported by the super-models at last month's Chanel show might not ammount to much in sales terms – Chanel will be selling them this spring at £100 a pair – but they produced hundreds of thousands of pounds in free publicity.

Moreover, the stylistic trends of the 1980s – reflecting the opulence of the decade and the post-modernist emphasis on reinterpreting historical imagery – were compatible with the aims of the new investors. They wanted their designers to create luxurious images for the fashion houses – preferably laced with an air of European "authenticity" to appeal to the fast-growing Japanese market.

As a result, the new investors benefited from a happy confluence between their own commercial needs and the creative direction of fashion design. But all that has changed.

The new themes in fashion, the *hippy nouvelle* styles in the latest Paris and Milan collections, and the "grunge" look that surfaced in New York, are not suited nearly as well to the needs of the luxury goods groups as the glossy *fashions* of the 1980s.

Many established houses have reverted to their old roles of creating glamorous looks for the middle-aged customers who make up the bulk of their market. This is the strategy that Lanvin has chosen by replacing the flamboyant Claude Montana, with the more muted Dominique Morlotti.

The hitch is that this approach is neither creatively in tune with the times, nor is it exciting enough to produce photo opportunities for the paparazzi.

In addition, the growth of the luxury goods groups is now posing serious problems for the rest of the industry. The gap between the large and small designers, who cannot afford to spend $200,000 on a catwalk show or $50m to launch a new perfume, is wider than ever. It is now much more costly and complex for small companies to build up their businesses, particularly during a recession.

The new investors also are suffering. They put money into luxury goods when the market was buoyant, and are now attempting to recoup their investments in a very different environment.

Yves Saint-Laurent reported a sharp fall in profits recently. Lanvin had to cut back on the renovation of its Paris shops because of problems in Japan. Arnault has not yet recovered a penny of the £30m he spent on Lacroix, or of the £17.5m he sank into C'est La Vie!, its ill-fated fragrance.

The industry is trapped in a vicious cycle, with the big groups squeezing out their smaller competitors without achieving any real improvement in their own interests. This scenario shows no sign of stopping.

The recession might be making it more difficult for the luxury goods groups to develop their existing interests, but it is also creating new opportunities for expansion by destabilising other companies.

A stake in Yves Saint-Laurent is said to be up for sale, as is a chunk of shares in Gucci. So far, there is no sign of a deal on either front – although the prospect of a few more shopaholic Arabs *might* hurry them along.

For fashion or fling, a scarf's just the thing

Avril Groom looks at the evolution of a top accessory

Classic and classy from Celine

EVERY SCARF shop will tell you the story of the woman who meets a friend wearing a particularly luscious silk square and asks: "Is it real?"

"Real" generally means one of the classic equestrian or Baroque styles from Hermès which have become the much-copied pinnacle of aspiration. Yet, this is misleading. There are thousands of exquisite designs and fabrics from other illustrious labels, and Hermès itself does a huge range of less classic motifs.

So, wearing a scarf can be an act of public status-display or private comfort. You can choose one with a designer label in a prominent position or you can throw on the plainest slip of cashmere and silk that feels wonderful or lifts a plain outfit. The true aficionado knows a stylish scarf instantly. If you have to ask if it is real, then you are not up to wearing it.

Hermès' pre-eminence came about almost by accident – it was first with a brilliant idea. Having diversified from equestrian to motor age accessories, it launched scarves in 1937. The first big success, Entente Cordiale, was kept under wraps during the German occupation of France. After the liberation, the windows of the Paris store were filled with the new design, which was snapped up.

The scarves' quality – designs take 2½ years from concept to shop and can involve up to 36 colours, each of which needs its own print-screen – attracted a top-line clientèle, emphasised later by the patronage of such celebrities as Grace Kelly.

When fashion went back to glamour and formality in the 1980s, Hermès went into overdrive, boosted by the newly label-conscious Far East market. Despite a big range of other products, scarves, made in France and costing £129 each, now constitute the main part of its business.

Each company connected loosely with fashion feels it needs a signature scarf as part of its corporate image. Through the 1980s, this was a great marketing ploy which played on the customer's need for confidence through labels. Some designs were less than subtle, though. Burberry used its rather dominant house check on its first silk scarf in 1980. Now, in a more sophisticated marketplace, there are 15 more gentle varieties of that check, plus 30 other designs where the check-as-logo might be just the ribbon on a bunch of flowers. Made in Italy, they cost from £35 to £105.

There are aspirational scarves at all levels of the market. For top fashion houses, a scarf can be the point of entry that lures you on to more expensive things. Chanel's Bernadette Rendalls says: "Lipsticks are the basic introduction to the world of Chanel but a scarf or a pair of earrings often comes next, before the handbags or clothes."

Designs vary from the classic, incorporating the famous double C logo, to the specials that Karl Lagerfeld designs for each clothes collection. Next spring's, in fashionably 1940s' style, feature his witty sketches of house symbols – camellias, quilted bags and so on – on faded pastel backgrounds. They cost from £115.

Céline is more classic: its main growth areas are the large wraps, stoles and throws which high designer fashion now takes for granted. Its range is from £90 to £200.

Even in the mass market, there is an element of exclusiveness. Tie Rack uses much thinner silk and designs with only 10 colours (although often overprinted to make more) and, by turning to high-tech methods in Japan, can sell at a maximum of £25. Art school graduates design limited edition ranges which change every month and disappear quickly to regular customers. The designs may be heavily influenced by the likes of Versace and English Eccentrics, but if you want a scarf for every outfit this is the reasonable way to do it.

There is, however, another approach to scarves which is growing as the market becomes less label-obsessed. Here, choice depends totally on design, either its beauty or the exquisite quality of fabric or because it complements an outfit from the same house.

Gucci, for instance, says its scarves are "bought as the finishing touch with an outfit. Sales are increasing as our clothes in general become more high profile." Made in Italy, the scarves are £120. At Yves St Laurent, a plain silk scarf often adds an unexpected but totally appropriate colour note to an outfit, and there is also a tradition of a different animal-print scarf each season.

Loewe's beautiful scarves on Spanish themes – often historical – also are collectors' pieces, the latest being inspired by Velasquez and the Madrid botanic gardens. And Louis Vuitton's scarves, commissioned from well-known contemporary designers such as Gae Aulenti and Philippe Starck, could almost be used as wall hangings and go from £130 to £180.

Jewellery houses have discovered that their designs translate very well into classic scarves of the pearl-swag and chain variety. Cartier's newest designs, based on the Duchess of Windsor's famous flamingo brooch and on Egyptian-inspired jewels, cost £110.

Lalique has taken the same route this year as part of its expanding product range, with designs at £150 based on famous Art Nouveau pieces from René Lalique's archives.

Classic scarves come mostly from Europe but British designers are in the vanguard of a new direction. Georgina von Etzdorf started as a screen printer, but scarves now make up 73 per cent of her turnover, which increased by 15 per cent last year.

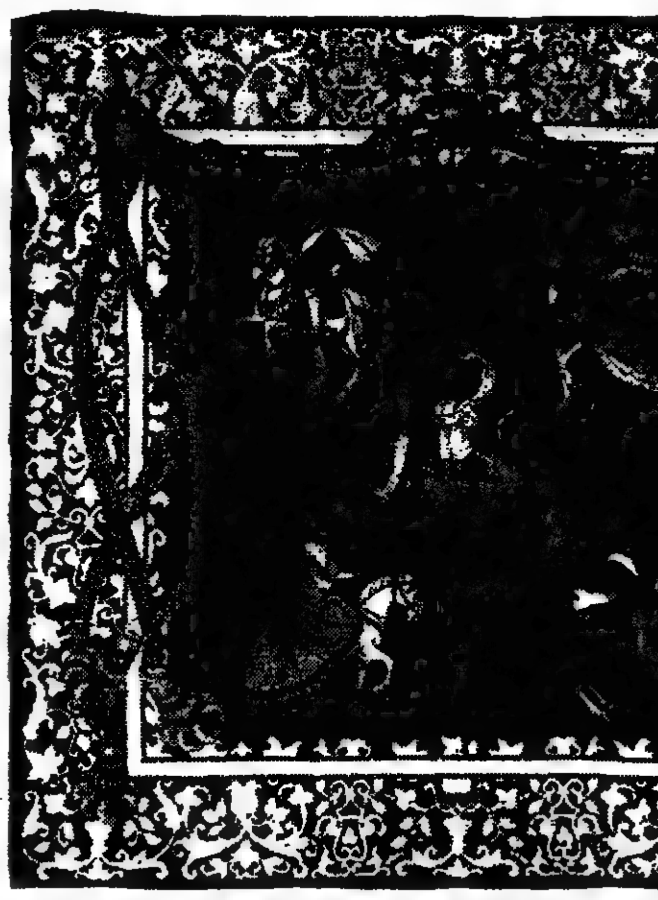
She is known best for Art Deco-inspired prints on silk or velvet but is now trying matt linen, sheeny panné velvet and metallic organza, all in the pale, muted shades of fashion's new light and fluid mood. Prices go from £69.

English Eccentrics' forte is the rich baroque motif with which it has experimented since 1987 in all colourways, from the most vivid to strict monochrome. It is now working also with more delicate colours and fabrics and with the newly fashionable long, rather than square, scarf (from £81).

Young designer Jackie Campbell, whose fragile watered chiffons, priced from £52.50 are acquiring a cult following, sums up the new approach.

"I am not competing with the Hermès silk twill status symbol," she says. "Chiffon is much softer and subtler, an enhancement of clothes rather than a designer afterthought."

As women increasingly forsake the prop of the label, the great scarf houses may have to take note.



Above left: from the Spanish house of Loewe, rich black and gold and Velasquez-inspired. Right: never mind where you tie it, just make sure that the logo's showing

The finest of jewels to bewitch and bedazzle

Customers are becoming more discerning, reports Vivienne Becker

THERE IS nothing to beat the sumptuous jewel: the ultimate icon of wealth, status and femininity, which at its best combines natural beauty with the artistry of man.

Jewellery has existed since time immemorial. In turbulent times it became a convenient source of portable wealth. 18th century aristocrats fled Paris with their jewel encrusted snuff boxes, and during the Russian Revolution pocketfuls of Fabergé trinkets were smuggled across Europe.

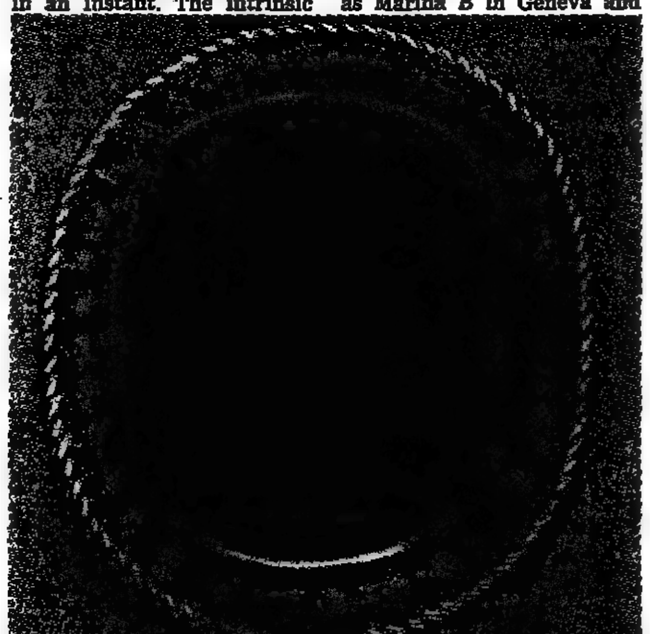
However, the intrinsic value of the precious metals and gems that makes jewels so special also means it is hard to admire them for their beauty alone – somewhere along the way the investment element inevitably creeps in.

Unlike a Versace dress of the same price, a jewel can still be turned into ready cash even if the days of expecting a large profit are over. But in these depressed times jewellery investment is a dangerous game – too many diamond-laden fingers were burned when the jewellery and gemstone market fell in 1982 after a long period of rising prices. The lesson has not been forgotten and the attitude towards jewellery has changed. Buyers are more realistic about the investment possibilities and have come to take a greater interest in the intrinsic appeal of the pieces.

While the 1970s were an investment-crazy time, the 1980s saw the development of a world-wide obsession with brands. The art of the jeweller became subservient to clever marketing and image. Happily, the early 1990s sees a different mood. It is no longer possible to sell jewellery on name alone. Customers are becoming more discerning and are looking for good value rather than investment, and value in terms of lasting style, workmanship and materials.

One reason for the change in attitude was the 1980s boom in costume jewellery, during which women became used to buying decorative, glamorous and exciting jewels that flattered and changed their image in an instant. The intrinsic worth of the materials did not really matter. Now they look at real jewels with a different eye, demanding more than just a label, searching for lasting modern classics or for fantasy jewels in precious materials.

The fine jewellery trade is still dominated by the great international jewel-houses – Cartier, Boucheron, Tiffany, Chaumet, Bulgari etc. Then come the smaller companies that are privately owned and run by artistic designers, the most exclusive being JAR of Paris and Verdura in New York, followed by shops such as Marina B in Geneva and Elizabeth Gage in London, all dedicated to individuality and quality.



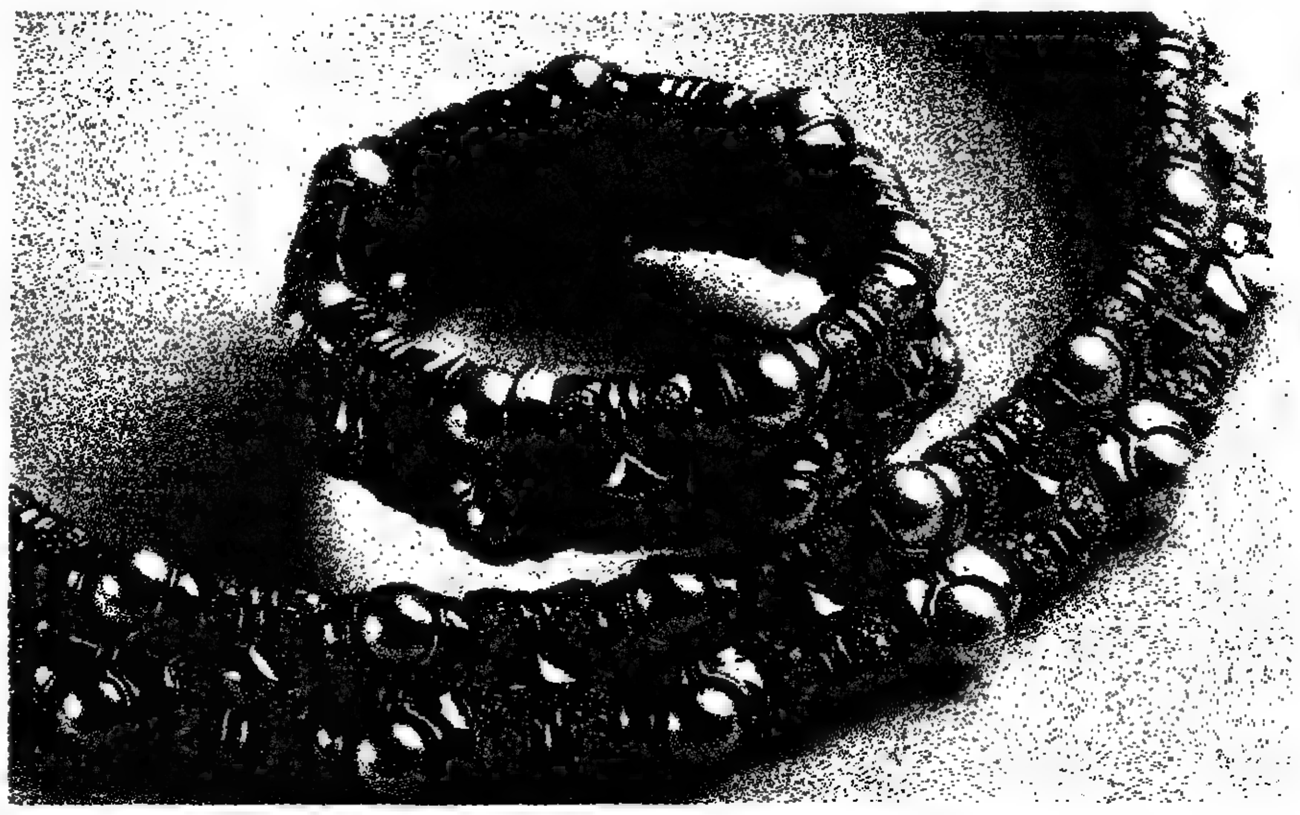
Carved cornelian brooch from the 'David Hicks at Chaumet' collection

Ward Landrigan, of Verdura in New York, finds that there is a "much, much stronger consciousness of style today. Generic jewels – jewellery without a strong design element – are the orphans in the market today." Joel Rosenthal, of JAR, also thinks that: "A new eye is being developed, little by little. Many of our customers are becoming much more discerning."

The very top end of the business, dealing in ravishing jewels in the $500,000 to $1m (£331,000 to £600,000) range, is relatively little affected, so specialised is its appeal. Each of the jewellery houses keeps its own corner of classic "high jewellery," usually the more conventional, formal sets of precious gems and diamonds.

London-based Laurence Graff, which is opening a new shop in Bond Street next spring, has cornered the market in magnificent stones, selling fine and rare gems to the world's most important buyers, who are, he points out, still buying. He finds that internationally there are fewer people in the market for the world's most precious stones but the top clients – kings, sultans, sheikhs, princes and potentates and the like – are still there.

Once, the great jewel houses were also privately owned by talented, artistic and dedicated individuals and their families, who ran their businesses in a highly personal way. Now many of these jewel houses are part of multi-national big businesses, run to a great extent from the board room. Tiffany, which expanded its very successful London shop a year ago, is a public company, after a management buyout from Avon in 1984. Bulgari is still 93 per cent family-owned, while Boucheron is privately owned.



Yellow gold set of necklace and bracelet with diamonds and pearls, by Bulgari

The mighty Cartier group ranks number one worldwide in the luxury goods market in terms of figures and market share. In 1991 the group's turnover was well over SFr1,800m (£829m). Although those golden, creative years of Cartier died with the family, customers today buy a slice of the Cartier magic and history along with the name.

M. Bamberger, managing director of Cartier UK, said: "To say that we are not hit by the recession would be ridiculous. But we have such a wide range of products from accessories, watches, high jewellery to perfume, that we are coping well. Figures are up on last year."

During the boom years of the 1980s many houses started promoting more accessible "boutique" ranges to reach a wider market. The first of these was the successful concept "Les Must de Cartier" launched in 1973 to break down intimidating barriers associated with fine jewellery and to attract a new, younger clientele. These boutique jewels, along with watches, became sought-after status symbols.

The Gulf War hit the top end of the jewellery market hard. The Middle Eastern customers who formed the backbone of many jewellery businesses stopped buying completely while other jet-setting customers, especially Americans, stopped travelling and therefore shopping. The US market is now showing some signs of picking up. In Japan and the Far East, however, economies are suffering. Middle Eastern buyers have now cautiously resumed buying. The UK, even in the good times, has never had an uninhibited home market, Britons being temperamentally disinclined to spend money on such conspicuous luxury.

For Italian women, mid-way in culture and mentality between Europe and the Middle East, jewels are an essential part of their femininity and so inventive designers, such as Damiani, have flourished by catering to their needs with extravagant, fearless designs.

Bulgari epitomises the classic side of Italian style and has grown in stature since the 1970s. Nicola and Paolo Bulgari believe that making jewellery is a creative business, its real *raison d'être*, and that constantly reworking old themes is not the way ahead. They introduced the rich Renaissance "cabochon" look, an unconventional mix of uncut stones mixed with gold and steel which established a debonair, modern style that has an avid international following.

Chaumet was one of the grand old Paris jewellers with a fine shop in the Place Vendome but after a scandal that landed the Chaumet brothers in prison it was bought by Investcorp in 1987. The new owners worked hard to establish a "look", principally through a range called Anneau. At the same time they went back to basics, promoting the most classic piece of jewellery, the diamond ring, which continues to be their most important product.

Chaumet has made a point of actively launching new products and constantly renewing itself: next month, Chaumet London is launching a range of exciting semi-precious jewels designed by interior decorator David Hicks. It is an enterprising venture offering quite different fare from the sort normally to be found in the grand jewellers.

Of the old established houses, Boucheron alone is owned and run by its original family: Alain Boucheron is the fourth generation of this jewellery dynasty. Daniel Reveyron, director of Boucheron in London, believes it is important to take a long term view of the jewellery business, which, although buffeted by recession, is very much a survivor: "Jewellery answers one of the most ancient and basic instincts. The need for it will always be there."

Cost-conscious gems

Vivienne Becker considers baubles that won't break the bank

APART FROM the spectacular arrival of Christian Lacroix, the great fashion phenomenon of the 1980s was surely the rise in status of costume jewellery. Reflecting the glamour and power of the post-feminist years, it entirely changed the way women presented themselves and broke through enormous social and fashion barriers.

From a lowly position as *declassé* poor relation to diamonds and pearls, costume jewellery suddenly became the single most important fashion accessory of the decade, worn in the highest echelons of society, at all times of day, from the boardroom to the ballroom.

The 1960s paved the way with its beads and baubles and plastic anti-jewellery. The lead came both from street fashion, from pop-star rebels wearing antique "junk" jewellery and from the great couture houses, encouraged by the growth of the designer-accessories market. Dallas and Dynasty power dressing and the Princess of Wales spurred things on and, since the mid-1980s, the costume jewellery industry has been booming worldwide. Today the market is saturated with costume jewels from costly couture to cheaper-than-cheap copies of copies.

The success of the 1980s has been toned down by recession. But, it appears that the costume jewellery market has been less badly affected than the fashion trade. People prefer to spend money on lasting accessories rather than on seasonal new clothes.

Jewellery is now an important money-spinning and marketing aspect of couture. A piece of designer jewellery, a pair of Chanel earrings, for example, has been the ideal and affordable way for women to wallow in the designer identity parade. Just how much of the original designer's genius they actually end up with is debatable and varies from house to house.

Costume jewellery is the jewellery women buy for themselves. But, as with fine jewellery, there are signs that women no longer wish to be dictated to by names and are slowly beginning to look further afield at the huge feast of *faux* treasures on offer. There are also signs that the barriers between real and costume jewellery are breaking down as more and more silver, gold plated and semi-precious jewellery creeps onto the counters.

In 1989 Swarovski, the world's leading producer of cut crystal stones (all those gems in costume jewels all over the world) launched its Daniel Swarovski range of exclusive, couture accessories aimed at the very top of the market and selling at the sort of prices that some real jewellery used to command – anything from $700 (£463.50) to $5,000. Masterminded in Paris by Rosemarie Le Callais, the accessories, including a high profile range of costume jewellery, are designed by Herve Leger.

They quickly gathered high-profile fans. Ivana Trump and Catherine Deneuve are devoted customers.

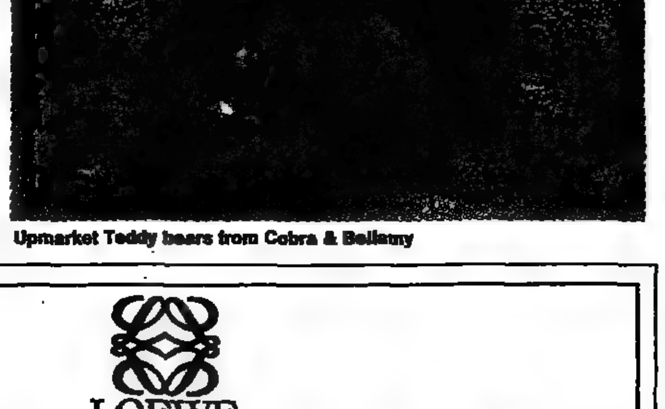
Christian Lacroix produces genuinely exciting and original couture jewellery. It is a true reflection of his spirit and style and seems to have more integrity than some because Lacroix himself is passionate about jewels and has done a great deal to bring fashion and ornament closer together, creating bejewelled and embroidered dresses and couture jewels that look like fabrics.

Haute Couture jewels are normally ordered by couture customers as part of the total look, and are rarely sold separately. His distinctive ready to wear range, priced from about £30 to £600 also bears the Lacroix stamp: lots of rich gilt metal, ritualistic emblems like crosses, crescents and pyramids, huge ethnic chokers and of course vibrant colours in the form of glass beads. At the London boutique opened some three months ago, the jewellery has a steady following among Lacroix fans, particularly from fashion students hankering after a little piece of his wild magic.

Exotic bags and baubles by Chanel

Karl Lagerfeld, the King of Whimsy, was largely responsible for introducing wit and fantasy into couture jewellery in the 1980s, first at Chloe then at Chanel, where courageous jewellery, totally in the spirit of Coco Chanel, plays a vital part. His haute couture jewels are inspired.

The Yves Saint Laurent couture range is under the direction of Loulou de la Falaise, whose jewels fill a boutique on the rue Saint Honoré in Paris. The diffusion range, part of the YSL collection, including pens, lighters, leather goods, is designed and distributed by Cartier as licensee, although everything is approved by Saint Laurent himself and Pierre Berge. Designs play up Saint Laurent's signature motifs like the heart and strong colours like his vibrant deep blue. Since Cartier took over eight years ago, more than 1m pieces have been sold worldwide. The Dior collection, made under licence in Germany, is a mass-market product today. Fior, the London retailer of fine quality "real look jewellery" stopped stocking Dior jewellery a few years ago because it was too widely available.



Upmarket Teddy bears from Cobra & Bellamy

Several of today's shining stars of costume jewellery began anonymously making couture jewellery for big names. Some of the most successful are Herve van der Straeten, whose work is sold at Liberty and who made for Mugler and Lacroix, Dinny Hall who produced ranges for Rifat Ozbek, and Migeon et Migeon resin specialists who also made ornaments for Lacroix and YSL.

Cobra and Bellamy, with a successful shop in Liberty and another in Sloane Street, do a roaring trade in Chanel lookalike pearls. Cobra and Bellamy's big rows of baroque pearls sell for around £100 to £200 and a ravishing three-row collar for about £250.

Butler and Wilson, Britain's best, and world leaders in up-market costume jewellery, have always offered a couture look at reasonable prices, but they sell to jewellery addicts rather than to fashion followers.

Although business is undoubtedly tougher, Butler and Wilson is selling classics and outrageous designs, and Simon Wilson says he is always amazed at how well the "mad" and expensive pieces sell – usually the designs he creates as a strong image for the shops. Huge chokers at around £200, although hardly a recessionary look, are just walking out.

Perhaps it is the escapism, the freedom and fantasy of costume jewellery that we need to pierce the gloom and lift our spirits and confidence this Christmas.

The FT goes shopping

Luxury – a dated concept in the 90s

Meretricious displays of wealth are completely passé now, says Stephen Bayley in his philosophical view of what the rich buy

An experience to savour: lunch at Les Amassadeurs, the Crillon

LUXURY, at least as defined many of the goods people accumulate, is vulgar and venal. Luxury, in my observation, is not necessarily about pleasure, but more likely about excess.

Other than a meretricious and crass display of wealth, there is no good reason, for example, why taps should be gold. In a sense, luxury is the opposite of design. Industrial civilisation has the potential to provide the best goods and services to the entire population at a modest cost and, miserable as we may be in this *fin-de-siècle*, it is a fact that for many western citizens this paradise has been achieved.

That is what all the early Modernist Bauhaus theory was concerned with. Now stigmatised by those who would often wilfully aim to misunderstand them, Modernist architects and designers were not trying to impose an austere machine aesthetic on the glum and downtrodden people of Europe. Rather, the metal furniture and concrete houses were just making the best of materials available, making the most of contemporary possibilities. The classics of modern design made a popular form of luxury commonplace in that for the first time in history efficient, safe and beautiful furniture and appliances became universal. That the word "luxury" now connotes something more vulgar and expensive than a Breuer chair or a Citroen 2cv is both a repudiation of the Modernist adventure and a reaction to it.

The rot set into the meaning of "luxury" in Britain when some time in the 1950s a hot-shot marketeer working for Ford, the motor company, decided that a premium priced model of the Ford Anglia might be ennobled with the name "de luxe". In the poetics of car specifications, de luxe meant the addition of external chrome strips, elaborated mouldings around the rear light clusters and two-tone upholstery. It was hard for words to recover from such debasement.

In America, where the achievement of status has long been measured in terms of accumulated possessions, the idea of luxury has acquired a fetishistic quality. It can be defined by a powerful and evocative list of artefacts. In her autobiography, All McGraw, the actress, describes her astonishment on arrival in Hollywood. The house was mock Georgian on a huge plot, with an artificially fed 300-year-old sycamore. There were scented candles (a sure definition of luxury at work) and in the linen cabinets hundreds of bars of Guerlain soap. She cannot have been under anything other than a very clear impression that this was a luxury dwelling.

Although Flaubert, in his sardonic *Dictionnaire des Idées Récus* posed as the *homme serieux* and defined luxury as "the ruin of nations," the French are more confidant with their tastes and sense than the English or the Americans.

There is something marvellous about French culture which allows intellectual rigour to go hand-in-hand with intense sensual delight. The best French cooking or wine is a challenge to the intellect as much as to the palate; and while the German Modernists of the 1920s were doggedly making severe and honourable metal furniture out of discarded industrial components, Le Corbusier's "Grand Confort" armchair kept the Modernist faith, but was also a supremely elegant, comfortable and luxurious artefact.

The tradition continues: Andrée Putman is perhaps the leading European interior designer. She is rigidly modernist, but sensible of her clients' and their customers' needs. She says: "To God and to artists all materials are the same." This is a sophisticated belief that unites the purist ethics of modern design with the sensitivity of a mondaine sensualist. No gold taps here.

But, if in general luxury and modern design are at variance, then in the past decade they have been at war. London and Paris have long established tradesman-craftsmen houses specialising in luxury goods, whether Lobb shoes, Purdey shotguns, Swaine Adeney & Brigg saddlery, Cartier watches, Christofle silver or Baccarat glass.

So influential are these makers of exclusive premium-priced personal-ware that entire personalities are defined by them. In France, a certain type of woman is known by the deadly accurate acronym "FHCP": Foulard Hermès, Collier de Perles. In this way, luxury goods define their customers in a process which anthropologists would recognise.

In France the luxury goods business is taken seriously. With typical French *panache* for bureaucracy, 71 luxury goods makers (including Louis Vuitton, Hermès, Cartier, Dior and Chanel) have formed the the portentously titled Comité Colbert, as if to suggest *malettiers, vignerons* and *joailliers* are providing the continuity of French artistic culture. Despite the recession, the Comité Colbert reports rising sales.

One explanation of this may be psychological. A Paris psychiatrist called Michel Lejoyeux says he has identified a form of obsessive-compulsive disorder which seeks gratification from buying things, as if the act of purchasing (irrespective of eventual use) establishes power and authority over a harrowing world.

But the real explanation of the continued demand for luxury goods is social and aesthetic rather than psychological. The 20th century has made the major western economies rich in that most own, or have access to, a range of machines - from the car through the video to the cellphone to the occasional use of a Boeing 747. Marinetti's dream of motorways and aircraft is part of our daily routine. As soon as those things – which by their familiarity and accessibility are a triumph of our civilisation – become everyday, the insecure or the greedy will seek specialist treatment. This is where the taste for gold taps comes from.

It is why Donald Trump sends out morocco-bound invitations to his latest pleasure palace. It explains the astonishing demand for the S-class Mercedes-Benz, a car of boastfulness and arrogance three times more expensive than other cars in its class.

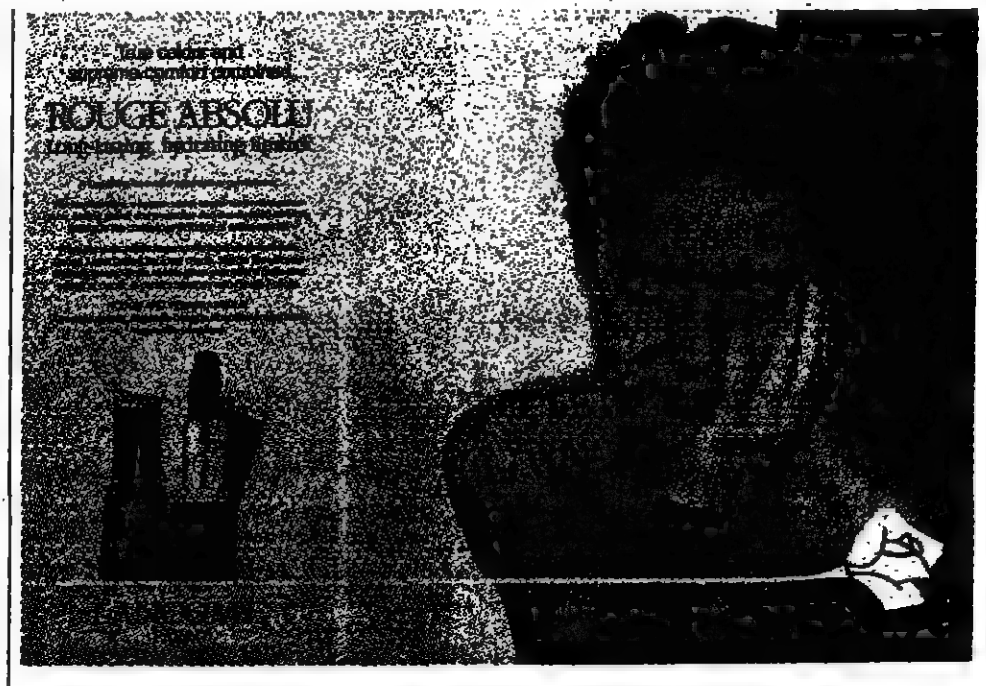
The greedy and insecure take refuge in this limited definition of luxury. They can find another version of it in the immature, brackish splendour of, say, London's new Lanesborough Hotel. But in truth is there not something inadequate about definitions of luxury which entail exclusiveness, expense and rarity? Are not luxury goods consumers living in a costly fantasy world? Of course, but maybe that is the source of the pleasure.

In times of excess, real pleasure is defined by experience rather than merchandise. Only the most curmudgeonly would deny that lunch in Paris's Crillon Hotel is a life-enhancing experience.

But then I look around and feel glad I do not have gold taps. In a crowded world the great challenge is to make life more simple and less complicated. Real luxury is the ability to choose how to spend your time and arrange your space.

"Luxury" goods may be of supreme quality and may confer a certain cachet in the village long-hut of the international rich, but the concept is dated and limited.

Sixty years ago, in *The Price of Things*, Elinor Glyn had a character say: "If one consciously and deliberately desires happiness … one must have sufficient strength of will to banish all thought." Writing today, she would banish luxury.



Looking like a million dollars: Isabella Rossellini selling Lancôme

Brutal game behind the painted smile

***Alice Rawsthorn** looks at the cosmetics industry*

COSMETICS has always been a brutal business. It was, after all, Elizabeth Arden, one of the *grandes dames* of the beauty industry, who called it "the most vicious … in the world".

But the cosmetics industry of the early 1990s is more brutal than ever before. The dominant theme in its development during the 1980s was the wave of mergers and acquisitions that swept across the US and Europe. This has left the market in the hands of a small number of powerful players – Unilever, with Elizabeth Arden and Calvin Klein Cosmetics; L'Oréal, which owns Helena Rubenstein and Lancôme; and Procter & Gamble, with Max Factor and Cover Girl.

These multinationals have already raised the stakes in the industry by putting pressure on the smaller companies which cannot afford to sign up celebrities or super-models for extravagant advertising campaigns, as Lancôme have done with Isabella Rossellini, and Revlon by paying $6m (£3.9m) to Claudia Schiffer for a four year contract and $3m to Cindy Crawford for three years.

The level of competition is now intensifying thanks to the Japanese cosmetics companies – Shiseido, Kao and Shu Uemera – that are accelerating their expansion into the West. Shu Uemera is opening its glossy boutiques all over Europe and Shiseido this summer launched a $2m *Haute Parfumerie* in the 17th century arcades of the Palais Royal in Paris. Meanwhile, the entire cosmetics industry is threatened by the depressed state of some markets, notably the UK, and by the spectre of legislative intervention in areas such as product testing.

Where does all this leave the consumer and how will the changes in the cosmetics industry affect the kind of products which will come on to the market in the 1990s? The short answer is that, while the new global cosmetics groups are struggling for sales in an increasingly competitive market, their customers *ought* to be able to look forward to a stream of new and increasingly sophisticated products.

The *leitmotif* of cosmetics in the 1990s will be innovation. This is partly because the customer base will be increasingly fragmented, with more older consumers and greater emphasis on the ethnic market. It also reflects the more sophisticated research and development activities of the multinational manufacturers. L'Oréal, Unilever and Procter & Gamble operate across dozens of different product sectors so can apply the technological advances achieved in one area, to others.

The effects are already apparent. Définicils, the "High Definition" mascara launched last year by Lancôme really does make eyelashes look longer and sleeker thanks to the years of research that L'Oréal has invested in its haircare companies. Other new products, such as Chanel's foundation, which moistens at the touch of the fingers, are the legacy of complex research programmes.

All you have to do is to glance at the names of the latest cosmetic launches to see where the market is going. Helena Rubenstein's Skin Life TPA Eye Contour Cream (anti-wrinkle cream) and Clinique's Turnaround Cream with salicylic-filled liposomes (tonic cream) sound like complex chemical formulae rather than skin creams.

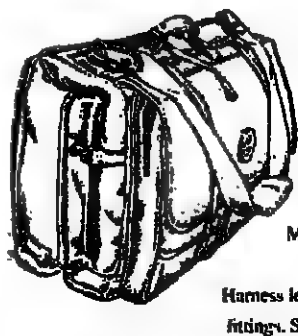
The cosmetics companies are also harnessing their research resources to areas of the market they had neglected. Coloured and black women have a far wider range of skin tones than their Caucasian counterparts, 37 as opposed to seven. This means that manufacturers need to devise more shades, making product development more costly and complex.

As a result darker-skinned women have had to mix their own shades from conventional cosmetics, or buy products from specialist companies. Mainstream US makers are using their improved technology to move into this market. Maybelline last year introduced a Shades of You line while Clinique introduced Colour Deeps and Almay brought out Darker Tones.

The emphasis on technological innovation is accompanied by the parallel trend towards more natural cosmetics such as those of Clarins and Body Shop. One of the fastest growing cosmetics ranges in the US is Origins Natural Resources, the botanically-based products from Estée Lauder.

This trend is likely to be accelerated by legislative pressure such as the recent recommendation by the European Parliament to ban animal testing of cosmetics. All the big cosmetics companies have long been preparing for such an initiative by developing alternative forms of testing by computer analysis and cell structures.

Almost all the recent innovations in make-up have been achieved without recourse to animal testing. However, the ban could affect research into skin products such as anti-ageing creams and sun screens, raising the cost of innovation and making the beauty business even more complex and competitive in the 1990s.



هكذا صعد الأجل

Fountain pens make a big comeback with the smart set

Stephen Bayley *considers the merits of a small but relatively affordable status symbol*

THE FOUNTAIN pen has never been so popular. For manufacturers, designers, buyers, consumers and sociologists brought up with a belief in technical progress, this is a daunting reversal.

There is no good reason why leaky, expensive, fragile and unreliable fountain pens, temperamental ghosts from the past, should be in demand today.

Except that people demand them. They are a sure and relatively affordable status symbol. The choice and use of a fountain pen speaks volumes not only for discretionary spending, but about your respect for writing.

While ten or 15 years ago you would have had to look hard in dusty specialist stationers to satisfy a perverse whim to buy a fountain pen, nowadays they are one of the fixed currencies in the language of luxury goods.

In airport duty free shops, in full-page advertisements in glossy magazines big names such as Parker, Sheaffer, Waterman and Montblanc take space and demand attention.

Ever more expensive, ever more luxurious pens regularly appear. Manufacturers in the US, Germany, France and Britain are trawling the archives to find yet more obscure antique prototypes to revive. It is as if a telecommunications expert was wanting to restore Marconi's telegraph. History is in reverse, but why is it happening?

Memories of awful, scratchy things, delivering too much – or too little – ink, haunt the imaginations of anyone born before 1960. For the fountain pen, familiarity bred neglect. Those born later have never known the miseries of a rapid disgorgement of permanent blue all the way across their homework, and subsequently over the cuff and up the forearm.

Instead, the current generation has become flabby in its discriminations, numbed to the niceties of handwriting and blotting paper by the mass availability of cheap ballpoints and felt tip pens, often technically excellent. We tend to believe that progress and technology lead to perfection. Maybe, but the evidence is that technical perfection bores consumers.

The technical problem with creating a pen is (a) storage of the ink and (b) delivery of the ink and (c) the ink itself.

Broadly speaking this means: (a) external dip or internal reservoir; (b) whether you get no ink at all, or all the ink at once and (c) does the ink have density and dry immediately, but rot the nib, or is it thin stuff with long-term wetness which rots the paper?

The answers to these questions involved rubber sacs, ancient valves, pistons or levers and some of the patents which define the history of technology in its most hucksterish phase.

Their appearance was not rapid: it was, for instance, quite a long time after the discovery of rubber that someone developed the rubber sac.

Lewis E. Waterman's technical achievement was to develop a simple capillary valve (comprising three extremely thin slits at the working end of the barrel interior) which allowed air to enter the reservoir as the ink escaped, obviating rushing blobs, scratches, and facilitating easy handwriting.

Waterman, of New York, was followed as a pioneer of the popular fountain pen by George S. Parker of Janesville, Wisconsin, whose Duofold of 1921 was a breakthrough in product design.

In 1937 Parker introduced the "51" to celebrate the company's 51st birthday. Technically, it evolved from the Parker Company's experiments with fast-drying inks. Eventually, the "51", a masterpiece of streamlined styling, became a totem of the industrial design movement. The popular appeal of the "51" brought production into the millions every year but, just as the fountain pen appeared to reach its apotheosis, it was sabotaged by two fundamental developments in the proletarianisation of the pen – the ball-point and the felt-tip.

In 1943 a Hungarian called Lasso Biro, working in Argentina, patented a design for a ball-point pen with quick drying ink which did not blot. By 1945 it was being manufactured in Europe. Crucially, by 1953, a Frenchman called Marcel Bich made it disposable.

When he dropped his "h" Bic became synonymous with ball-point. In a similar mood of post-War endeavour in 1946, a Japanese called Yokio Horie founded a company called Pentel (a Japanese-English word combining the sense of pencil and pastel). Pentel's innovation was to adapt traditional Japanese practice to industrial production. Using the principles of bamboo-based techniques (where the fibrous core soaked up and delivered the ink to a chiselled point by osmotic pressure), Pentel introduced the felt-tip marker in 1960. In 1963 came the sign pen and in, 1970 came the famous green-barrelled R50 roller ball. And all the rest was graffiti.

Of all new technology, mass-produced, inexpensive pens, the R50 Ball Pentel, has been outstanding. It replaced the Bic as the universal, global writing instrument. It seemed another example of Japanese ingenuity taking advantage of Western complacency.

At about the same time as the bright green Pentel (about 50p) was becoming ubiquitous, the fat, shiny expensive Montblanc Meisterstuck (two to three hundred times more expensive) was becoming familiar in well-heeled pockets.

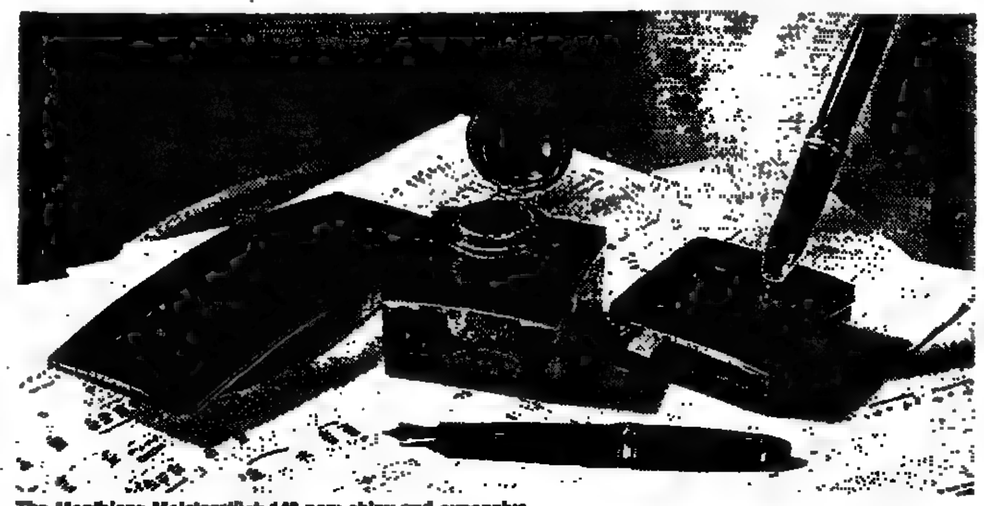
The massive, reactionary, archaic, intensely desirable Montblanc is the paradigm of the pen, not as a functional tool, but as luxury product.

Luxury is the opposite of function, which is not to say it lacks utility. It is a marvellous testament to our civilisation that a functionally perfect pen can be bought for a matter of pence. But that is the problem. The consumer is capricious. As soon as his basic needs are satisfied, he seeks more obscure appetites to graffiy.

Bored with sterile perfection, he wants the unpredictable. An individual's pen has always been an expression of self-esteem because the act of writing is so intensely personal. Our own word "style" derives from the Latin stylus. Lewis E. Waterman recognised this: his great commercial innovation was to sit in a New York shop window demonstrating his pens to a sceptical public. Consumers are once again enjoying the same sense of showmanship.

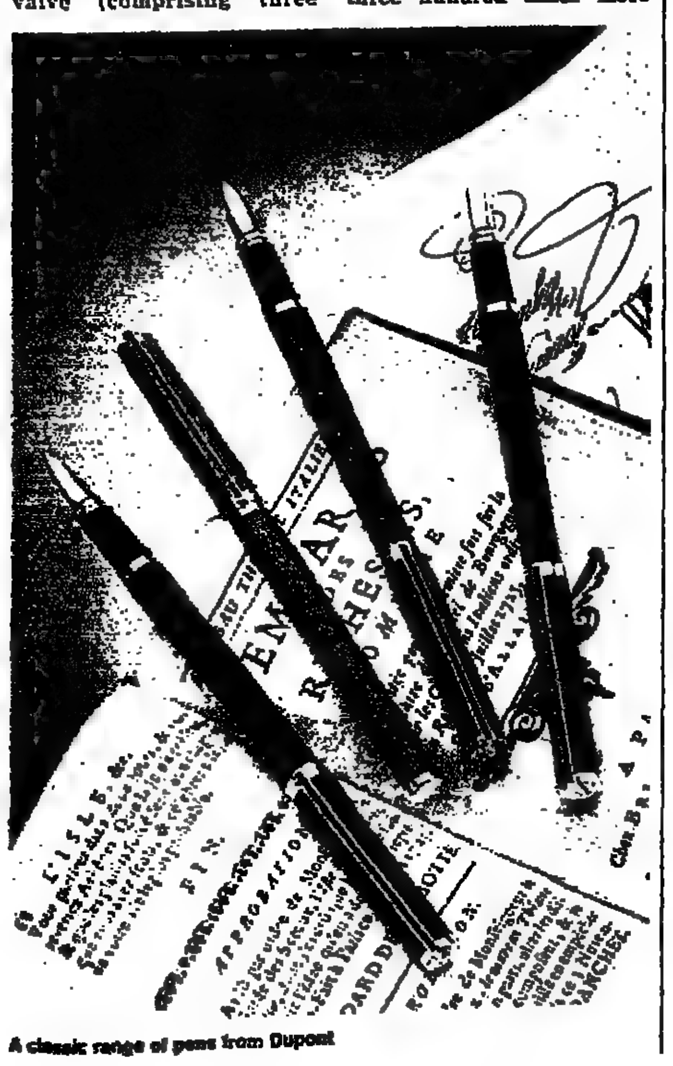
The massive interest in fountain pens is not simply a taste for nostalgia, although for the time being this may be the expression favoured by most manufacturers with their evocative lacquers, finishes and names.

It is also an expression of a growing interest in the process of owning and using everyday things, of taking serious pleasure in small details. People who want to own a decent fountain pen want to do it right, whichever way you spell it.



The Montblanc Meisterstück 149 pen: shiny and expensive

Taking serious pleasure in small details: from a 19th century painting



A classic range of pens from Dupont

The FT goes shopping

Conspicuous wealth is out, Grunge (sleaze to you) is in

The fashion excesses of the 1980s must be atoned for, says Brenda Polan

DURING THE 1980s, sales of luxury goods soared and the labels with class-related cachet soared highest. Loewe's hunting collection in green suede and brown leather, the aristocrat of huntin', shootin' and fishin' gear, was snapped up by the upwardly mobile to be sported together with the Barbour, the Hermès silk square with stirrup motif, the caramel and black initialled Vuitton cases, the Gucci moccasins with horsebit trim, the quilted Chanel handbag, the Cartier watch, the Dunhill document case and the Porsche for town, the blond Labrador and the Range Rover for the country.

If we aspire to be what we buy, then, as Ralph Lauren and Roger Saul of Mulberry so sharply intuited back in the 1970s, for several years many of us wanted to be rich. We seemed to crave a lifestyle which divided its time between the stress of the City boardroom and the tedium of competitive rural pursuits. If we could not have what we craved, we dressed for it anyway.

But a profound change has occurred in the fashionable person's consciousness. The psychological effects of the recession are, in the long term, going to be more important than the simple belt-tightening dictated by economic necessity. There is a sense, particularly among those aged between 20 and 30, of crime and punishment. The excesses of the 1980s must be atoned for. A system which seemed to exalt greed, selfishness and the flaunting of wealth must be rejected and replaced by something more spiritual.

Fashion is always an early indicator of shifts in cultural direction, so the current revival of the styles of the late 1960s and early 1970s, the era of love, peace and hippy idealism, indicates parallel preoccupations. It is, put simply, a more outward-looking and generous mood. The squandering of resources is over. We must save and conserve.

In the hands of Karl Lagerfeld or Ralph Lauren the look is romantically nostalgic, but younger designers in Paris, London and New York handle it more aggressively, applying overtones of late 1970s Punk. The most apocalyptic version of the look, espoused last month by New York's hottest young designers, Marc Jacobs and Christian Francis Roth, is called "Grunge," after the sleaze-celebrating, anti-materialistic music movement which started in Seattle.

"Grungy" clothes, as affected by young music fans, are ill-fitting, droopy, decayed, inside-out, charity-shop, uncoordinated, scruffy and, ideally, repulsively stained and malodorous. The designer version is, of course, cleaner, co-ordinated – and pricy.

It is unlikely that "grunge" will be embraced by the core consumers of Vuitton, Gucci, Ferragamo, Hermès, Cartier et al, but the enormous growth in sales which the status-defining brands enjoyed in the 1980s was fuelled by fashion. It was fashionable to appear wealthy and an army of the fashion-aware would break the bank to own the correct accessories, to signal that they belonged to a club based on wealth and taste. Now, for these people status-dressing is history. Arguably, boredom would eventually have done for it anyway.


Luxury comes in many shades from Yves St Laurent

The traditional Vuitton travel goods, Gucci's shoes, belts and bags, Hermès scarves and bags, Cartier watches and Chanel costume jewellery are the most copied and counterfeited artefacts in the world. Valued initially for the craftsmanship with which they were made, price made them exclusive and exclusiveness made them covetable.

Such was the boom of the 1980s that, even without copies on the market, the goods sold by Vuitton, Hermès etc themselves flooded it. "There is a danger of the product becoming too widely owned," warned Jonathan Falkner, managing director of Louis Vuitton UK, nearly two years ago. "Then it becomes a cliché and it loses its exclusiveness."

The frantic expansion of the great accessory brands was triggered in 1986 by the relaxation in France of regulations governing takeovers and mergers which, in turn, attracted new investment. Bernard Arnault, owner of the Christion Dior couture business, exploited the situation to acquire Céline from its founders and owners, Richard and Céline Viplana, and then set his sights first on Parfums Christian Dior, owned by the luxury goods conglomerate, Moët-Hennessy, and eventually on dominating the expanded group which, having acquired Louis Vuitton, became LVMH.


Leather shirt bag by Alfred Dunhill, £660

Even the public power struggle between Arnault and LVMH's Henry Racamier, also an imaginative entrepreneur, did not appear to dissipate the products' glamour for the consumer. Arnault's strategy was to strengthen his *"grandes marques"* by clawing back power and profits from licensees and franchisees, strictly controlling products to which the great names were applied. He was watched by rivals in France, Italy and Britain. All recognised the need to protect their most important asset: their name.

Since quality, classicism and longevity were their stock in trade, they could not, as the fashion designer does, bring out a startling new style to supplant the old one every season. But they could expand their product bases, spread the cachet a little wider without undermining the traditional lines which sold so well in Japan and the rest of the Far East.

At Vuitton it is Françoise Jollant Kneebone, erstwhile director of the Centre Pompidou and now design director at Louis Vuitton, who, in commissioning some of the great names of design – Philippe Starck, Gae Aulenti, Andrée Putman – has created, among others, the dashing Epi range.

At Hermès, Claude Brouet fulfills the some function, as does Dawn Mello at the dynastically strife-torn Gucci. These women are all design managers. Jollant Kneebone was an academic, Brouet a journalist/stylist, Mello a merchandiser, former president of Bergdorf Goodman. Their brief is to restore to the great labels the quality which made them great: invention, innovation and a style which expresses their present, not their past. It is likely that surviving the recession will depend on new products rather than on the currently discredited classic clichès.

In Britain the cash-rich Dunhill (lighters, watches, luggage, accessories, fragrance) group has, in a shopping spree which started in the mid-1980s, acquired Mont Blanc pens, the Hackett menswear chain and the French fashion houses, Chloe and Karl Lagerfeld. Interim results announced this month show a dip in profits from £80.8m to £30.1m. When the last acquisition was made, in June this year, Lord Douro, the group's chairman, made clear that he was putting his money on fashion rather than status – or, at least, hedging his bets.

The more solid of the great accessory companies have always looked forward and embraced change, maintaining their identity not in aggressive logos and instantly recognisable forms but in reassuringly high standards of quality and creativity. Loewe in Spain or Ferragamo in Italy are companies which have expanded slowly, an eye always on the first principles of their founders who were, above all, supremely innovative designers.


Buckles, bows and gilt galore from Ferragamo

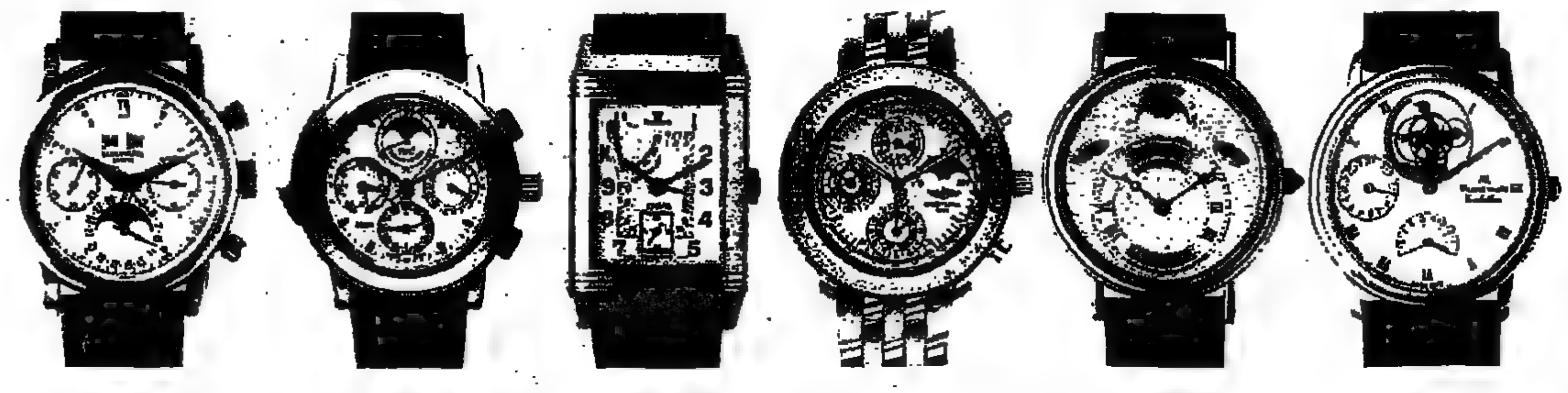
The late 1980s saw the creation of several pre-aged brands. Arnault himself attempted, in Christian Lacroix, to create a couture house. Hackett, the august-looking menswear chain now owned by Dunhill, is hardly a decade old. In Italy, Giralmo Etro, the fabric manufacturer, turned his passion for paisley and all things nostalgically British into a range of scarves, shawls, ties, bags, cushions and those expensive little indispensibles known as small leather goods which, when sold in an oak-panelled Victorian ambiance, gave an illusion of antiquity.

As Françoise Jollant Kneebone of Vuitton says: "A culture is its collective memory and its artefacts are significant definers of its cultural identity. What we made and used tells an archaeologist who we were. What we, today, buy and use provides information about who we aspire to be and how we wish to be perceived."

While there are people with money to spend, they will buy and use beautiful and clever things. What the accessory companies seen to be facing up to – some faster than others – is that in the future different criteria are likely to apply. Pickings will never be so rich again.


Top left, best china from Cartier's La Maison de L'Empereur range. Left, cashmere shawls in every hue from Hermès. Above: Kelly bag from Hermès

The FT goes shopping



Classic faces of time: from left, Patek Philippe, IWC, Jaeger-LeCoultre, Breitling, Breguet and Blancpain. All from The Watch Gallery in London

The good times are back

Watch snobbery is an art almost as exacting as that of watch-making, says ***Lucia van der Post***

OF COURSE, if all you want to do is tell the time, then £10 should do it nicely. You could pick up a perfectly accurate matt black *little* number with a quartz movement and never have an excuse for being late again...

But once you pay more than that, you are buying more than a simple time-telling device. You are buying a look, an image, an aura, an accessory, a classic piece of craftsmanship, status, a virility symbol... take your choice. Watch snobbery is as diverse, as subtle, as exclusive, as any other sort.

In Italy, where watchology has almost become an art form, they say any Italian waiter worth his pasta can read a bank balance from a wrist. But who would have guessed that George Bush would wear a cheapo Timex on a fabric strap, that John Major would sport a £700 Swiss Rado (and, if you have not heard of Rado, you might like to know that more Swiss francs change hands buying Rado than any other brand) or that Mr and Mrs Gorbachev and the Pope all sport gold Day-Date Rolexes – at about £8,000 each?

If selling watches were simply about time-keeping then it would be a doddle... and a lot duller. As it is, watches have joined that great band of personal appurtenances that tell *the world as much about you* as you want it to know.

Watch-buying has not come to a full stop even in this grim recession. Sales of women's watches have *fallen off* – when a woman needs a pick-me-up; or what a friend calls some "retail therapy", she may buy a lipstick or a designer jacket – but a chap is very likely to cheer himself up with a watch.

Chaps have become very knowledgeable, too. At Watches of Switzerland, Tania Foster-Brown says that they can almost spot the watch-buyer as he walks through the door. He knows *exactly* what he wants and what he wants is a full explanation of every knob, bezel, catch and fancy function the watch has to offer. Men, *it seems*, do not buy on look alone – image and function count.

Today watch-buying falls into three categories. First, there is the disposable watch, the sort you buy on impulse and wear on the beach, doing the washing-up, looking after the children. Then there is the style-watch – the watch that exists for what it conveys, the Tag-Heuer or Ebel for the sportsman, the Omega or Longines for the classicist, the Dunhill or the Gucci for the fashion-conscious. You choose your image and you take your choice, and the price would range between £300 and £500.

Tag Heuer's way with watches

Finally, there is the classic watch, *the hand-crafted piece* with a mechanical movement made in Switzerland by a skilled watchmaker – Blancpain (which survives nicely by just making a few hundred watches a year), Patek Philippe, IWC, Jaeger-LeCoultre, Vacherin Constantin, Ulysse-Nardin. They offer the wearer character, craftsmanship, tradition, exclusivity – and the highest of prices.

In the late 1970s and early 1980s, when Tokyo was ticking ahead producing inexpensive, technically perfect watches, quartz models looked as if they might largely replace mechanical movements. These days those fears have gone, as more and more people seem to want real mechanisms. Given that even the finest mechanical movement *cannot compete* with the precision of a quartz crystal for accuracy – the best mechanical movement can be tuned to be no more than three to four seconds out a day, whereas *quartz* is accurate to within three to four seconds a month – it is yet more proof that technical precision alone is not what watch-buying is about.

The man who rescued the Swiss watch industry and transformed the market is Nicholas Hayek who, when he developed the low-cost, design-driven Swatch, took on and beat the Japanese at their own game: the low-margin, price-sensitive mass market. Until he came up with Swatch, exports of Swiss watches and watch movements had crashed from 91m units in 1974 to just 43m in 1983.

The supreme irony of the Swatch is that although it was meant to be cheap and disposable, it has ended up a collectors' item, a cult product. Some of the more esoteric designs now sell for many times their original face value in the world's auction rooms.

More than that, Swatch changed the whole industry. It became a catalyst for change. The first models were relatively sober and proficient, many with plain matt black straps and classic faces, all selling at less than £20. However, SMH (producer of *Swatch) quickly began to* behave much more like a fashion house and to produce two collections a year – the fact that once a line was sold out *and those models were no longer* available only increased their desirability.

Word began to get around and people rushed to buy the latest design. Well-known artists were recruited to design them – some Swatches looked like demented sea urchins, others sported flaky faeries, yet another was bedecked with golden tulle, others swathed in net, embellished with crystal... wild, witty and fun, they attracted attention everywhere. Today some of the most sought-after models, such as Hocus-Pocus, the jelly-fish, and Alfred Hofkunst's kitsch vegetables, have *buyers queueing* to pay huge sums for them – if only they can be found.

The innovation goes on. This year has seen lots of new designs, including Vivienne Westwood's in romantic post-modernist mood (but naturally; Swatch is never one to be left out of a trend) and – a real innovation – a fully automatic watch for just £42.

But the remarkable thing is that the success of Swatch does not seem to have been at the expense of the rest of the trade. Last year Swiss watch and movement exports surpassed their 1974 peak level and the Swiss watch industry

...and the look of Dunhill

seems back in confident form. *Top-quality gold watches have* ridden out the recession more successfully than most and the fad for sports watches has brought in lots of new customers. *Today, there are watches* that stand up to all manner of macho tests – they can survive being submerged hundreds of feet under water and come with such "necessities" as luminous dials, breathing-tank measuring attachments and pressure resistance to a depth of thousands of feet. They will survive being hit on the face by a polo stick, they have climbed Alps, crossed Tundras... but most are worn by those who only battle with the office files.

Rado, too, homes in on a rugged, futuristic image – it makes much play of the fact *that its bracelets and cases are* made from high-tech ceramic, said to be rugged enough to survive a journey to the moon next time you buy a day return.

Cults develop around certain watches which are not always easy to explain. Anybody lucky enough, for instance, to lay their hands on a The Rolex Daytona Chronograph (chronographs – models with built-in stop-watches – are a current rage), would be able to sell it almost immediately for twice the price. At Garrards they tell me some eight or ten people come in every day asking for it, but the shop only gets one every six months.

Chronographs – awesomely chunky, aggressively functional – are one of the huge *successes of* the watch market, in tune with our sports-obsessed times. It has become the new executive toy. According to Count Franz La Rosée, the director of *The Watch Gallery*: "It is a way of saying, I'm young, fit and healthy."

At Tag-Heuer (formed in 1985 when Tag bought into Heuer), the only watch company that specialises in professional sports watches, worldwide sales increased nine times between 1985 and 1992.

Tania Foster Brown says Watches of Switzerland customers see a Tag-Heuer as the ultimate sporting watch. "Don't crack under pressure" is the company's marketing line and the real skier, deep-sea diver or racing driver wants a watch that performs.

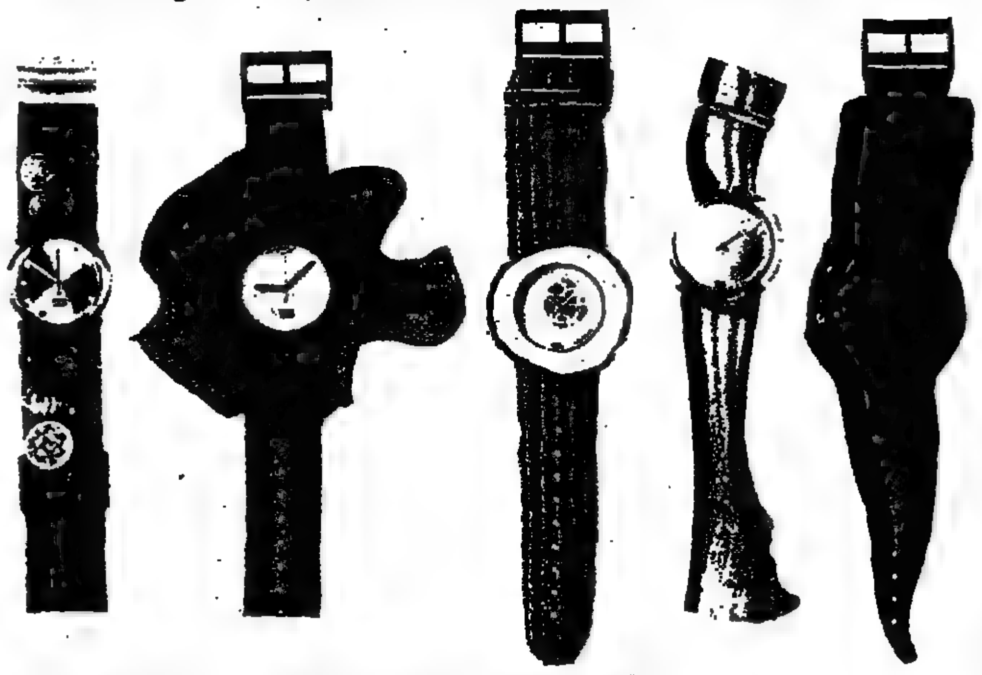
Whereas Tag-Heuer may be the watch for the *real* action-man, Breitling has captured a large slice of the lucrative market for those who merely want to *look* like action-man – and woman. Many of the fashions in watches come from Italy and a saunter down Milan's Monte Napoleone will quickly reveal that Breitling is a sought-after name.

Alfred Dunhill, which was making pocket watches back in 1906 and by the mid 1920s was putting timepieces into lighters (the Unique), silver belt buckles (the Reversible) and travelling cases (the Captive), seems to see two strong trends in watches: nostalgia and sports. In time for Christmas Alfred Dunhill will be selling a few carefully made small editions of some of these old pieces.

Its Millennium Sports watch range is water-resistant to withstand depths of up to 200 metres, has a strengthened case reinforced with screws on the case back, a strong *sapphire glass* and luminous markings – vital, of course, to survive the rigours of a chic metropolitan lunch.

A quieter cult watch is the *Jaeger-LeCoultre Reverso*. Originally designed in the 1930s for polo players whose watch-glasses kept being broken, it sports an ingenious design with a hinge which allows the wearer to turn the watch face over so it is protected. It is made to the same design today and, it goes without saying, is worn by those who could not tell a polo stick from a croquet mallet.

Finally, if you are interested in the nuances of which watches carry real clout, you may be interested to know that when The Watch Gallery in Jermyn Street was burgled recently *only two makes* were taken – Breguet and Breitling. Patek Philippe, Jaeger-LeCoultre, IWC – all were left ignominiously on the shelf.



Wild times: design-driven cult watches from the Swatch special collection

Who wears (or wore) which watch?

Princess Caroline of Monaco – *Hublot*

Sandy Gall – *Breitling*

John Major – *Rado*

Giorgio Armani – *Hublot*

King Juan Carlos – *Breitling*

The Gorbachevs – *gold day-date Rolexes*

Eric Clapton – *IWC*

Ayrton Senna – *Tag-Heuer*

The Pope – *gold day-date Rolex*

Jason Donovan – *Breitling*

Nigel Havers – *Hublot*

Napoleon – *Breguet*

Nick Faldo – *Audemars Piguet*

Gary Lineker – *Cartier*

Sir Winston Churchill – *IWC pocket watch and Breguet*

On the elusive scent of profit

What makes a classic perfume? Lucia van der Post unbottles the secrets behind a potent image

LIKE PROUST and his madeleines, scent works at a powerful level in us all. Smell is the most acute of our senses and the scent we dab on transmits as potent an image as the clothes we wear and the make-up we apply. And for that image women, it seems, will pay whatever it costs.

With a small bottle of fine perfume costing around £50 the price may seem high for a bottled smell – but they are not *too* high if the customer can be persuaded that she is buying a little magic.

With her head she knows that the contents of the bottle account for a small fraction of the total cost, lost in the overall expenses of a top "nose", expensive packaging, glossy advertising, marketing, distribution and finally the retail mark-up of some 45 per cent. But with her heart she is seduced. She may not be able to afford one of Chanel's signature jackets but she can dab herself with Chanel No. 5. Issey Miyake may be beyond her reach but there, no further away than a crystal bottle, is a little of his genius. The allure is compelling.

Though the market in the UK is huge and growing (worth some £330m at wholesale) the fine fragrance people still wish that we would become more "European" in our attitudes to scent. According to Peter Norman, managing director of Parfums Givenchy UK, we use half as much fine fragrance as the average French woman. Though there are some who would, perhaps unkindly, attribute this to their apparent habit of bathing half as often, this cannot be the whole story. Deep in our culture is the tendency still to regard fragrance as a wanton indulgence. Our European cousins accord it a much deeper respect, recognising its powerful psychology, seeing it as an essential enhancer of day-to-day living, an expression of self, of style.

What everybody knows is how important perfume sales are to France's haute couture fashion houses. Due to French accounting laws and to the fact that some of the houses are still privately owned, just how important it is is a not-so-well-guarded secret. All those delicious frocks float on oceans of scent. When put together with cosmetics, they are estimated to account for 80 per cent of the revenue of most houses.

It was Coco Chanel who first explored the idea of attaching a perfume to a designer name when she dreamed up Chanel No. 5 back in 1925. Nobody has yet thought of a better way of expanding the customer base, of retaining an air of exclusivity whilst at the same time selling to thousands of women.

Today companies invest millions of dollars in the hope that they will find the Chanel No. 5 of the day. The world's two longest lasting great classics – Chanel No. 5 and Guerlain's Shalimar – are each rumoured to do £50m worth of business a year. At Chanel, where the fragrance business accounts for 60 per cent of sales, Chanel No. 5 alone makes up for 40 per cent of that.

Whereas 15 years ago there were about 100 fragrances to choose from, today there are nearer 1,000. But the cost of launching them is vast and the failure rate high. Each year sees somewhere between 50 and 100 new perfumes, and well over half of them eventually disappear quietly from the shelves. Only one in five has a chance of real success. But still the houses keep trying.

Fashion in perfumes change as much as in anything else but it does not change at whim. Like all the arts – and creating a great perfume IS an art – it anticipates the ready unconscious. So fashions in scents change in mood with the times.

The 1970s saw the heyday of the so-called Life-Style perfumes – remember Charlie? Smitty? Stevie B? Jaunty, youthful, exuberant, they conjured up visions of a newly fashionable modern woman. Today, it is hard even to recall their names. They were seen off by the bold, racy, power perfumes of the 1980s, the years when women wheeled and dealed with the best of them as the consumer boom took off. Opium, Giorgio, Poison, Obsession, redolent with imagery from the video/rock/Hollywood cultures, were the olfactory hallmarks of the decade.

The 1990s has seen a real change. Subtlety and sophistication have taken over from the boldly obvious. Calvin Klein, for instance, whose Obsession claimed the provocative high ground in the 80s, launched Eternity at the beginning of the '90s and the orgiastic writhings deemed appropriate to convey Obsession were replaced with angelic visions of a mother and child.

Out, too, with the eighties have gone the celebrity perfumes. Cher and Omar Sharif, Sophia Loren and Linda Evans, all tried to capitalise on their names but most failed within a year. This week saw the announcement of the withdrawal of the last of the survivors – Liz Taylor's Passion. But we should not mourn their passing. It marks the end of the cynical marketing ploy. Many were launched in tacky bottles and most smelt dreadful. It only proved what most astute observers of the scene have always believed – that somehow integrity, authenticity and heart do matter.

As Bernard Aloy, general manager of Nina Ricci, which in L'Air du Temps has one of the great perfumes of all time, puts it: "We are still family-owned and so the house still has a family spirit. When we create a fragrance we try to create something which we think is nice. It is still a creation, an artistic venture. We do not believe in 'doing a marketing'."

LVMH's launch of C'est la Vie is a vivid example of a house getting it wrong. Christian Lacroix is a delightful man, but, as style guru Peter York puts it: "He was too new on the scene, too little known in the wider world, he tried to invent his own history too fast." It was, to be brutally truthful, a not very attractive smell.

Louis Urvois, managing director of Loewe, which has just launched its new fragrance, Gala, in the UK with great success (it has more than beaten its first year budget), believes that for a new perfume to succeed what is essential is great coherence between the name, the packaging, the product, the advertising, and the distribution. "If, for instance, we had launched a perfume called Gala, which we believe conveys evening, glamour, complexity, but which was made with light, green notes, it would have been a great inconsistency. It could not have succeeded."

Coming back, and one can see why, are the great classic perfumes. Their history is solid and intact. They offer the magic of nostalgia, visions of a past rich with pleasures, secure in its luxuries. Lanvin's Arpège, in its day a heady conveyor of sumptuous glamour, is being newly successful. Miss Dior is being repackaged and relaunched. Meanwhile, Chanel No. 5., its bottle subtly updated over the years, and Shalimar go on and on.

But also succeeding are the best of the new. The best truly capture the spirit of the times and can do stunning business whilst their moment lasts.

In Harrods perfumery hall – a showcase for new exclusive launches – of the ten best-sellers last year all except Chanel No. 5 were new or nearly-new. In no particular order they were Safari by Ralph Lauren, Eternity by Calvin Klein, Cabotine by Gres, L'Eau d'Issey from Issey Miyake, Volupte by Oscar de la Renta, Gala by Loewe, Oleg Cassini, Escada by Margaretha Ley, Beautiful by Estee Lauder, and, but of course, Chanel No. 5.

But what has done most for the perfume giants is that whereas once a woman remained faithful to her one true love, the perfume of her choice, today she plays around, she flirts a little, trying one and then another.

Look on the fashionable woman's dressing-table today and you will find at least three scents on top and three tucked away. She will go for light, fresh green notes for a sporty summer week-end, a mix of tuberose and bergamot, of musk and jasmine for her winter satins and velvets; a classic to go with her twinset and pearls; and something crisp and not too heady for the boardroom. And, not content with buying the perfume, today's woman (alas, she still has to buy most of it herself) will go for the bath oils and gels as well.

Today companies invest millions in the hope that they will find the Chanel No. 5 of the day

All of which explains why the cash tills are still ringing – not quite as frenetically as they did in the consumer boom but, as Peter Norman puts it, "holding their own in a pretty grotty retailing environment." Certainly enough, at any rate, to keep the big couture houses in frills and furbelows, giving them time to reassess the future and plan their strategies for the years ahead.

Finally, if what you are really bothered about is which is the one for you, I leave you with the words of Karl Lagerfeld, the designer who revamped and revitalised the Chanel label. "There are no rules ... it's not like a bottle of medicine. It's all about fantasy and dreams and each woman has to make her own." In other words ... choose your dream. Ultimately, Like all the arts, it is still a mysterious business – and one person's Poison is another's life-long addiction.

Perfume: *who wears what*

Joan Rivers – Floris' Zinnia

Princess Michael of Kent – L'Air du Temps by Nina Ricci

Gloria Estefan – Panthère de Cartier

Jan Leeming – Ysatis by Givenchy

The Queen Mum – Joy by Jean Patou

Judith Chalmers – Ysatis by Givenchy

Princess of Wales – Passion by Anick Goutal, Miss Dior and Diorissimo by Christian Dior and Cristalle by Chanel

Martina Navratilova – Must de Cartier

Audrey Hepburn – L'Interdit Givenchy

Britt Ekland – Panthère de Cartier

Polly Havers – Ysatis by Givenchy

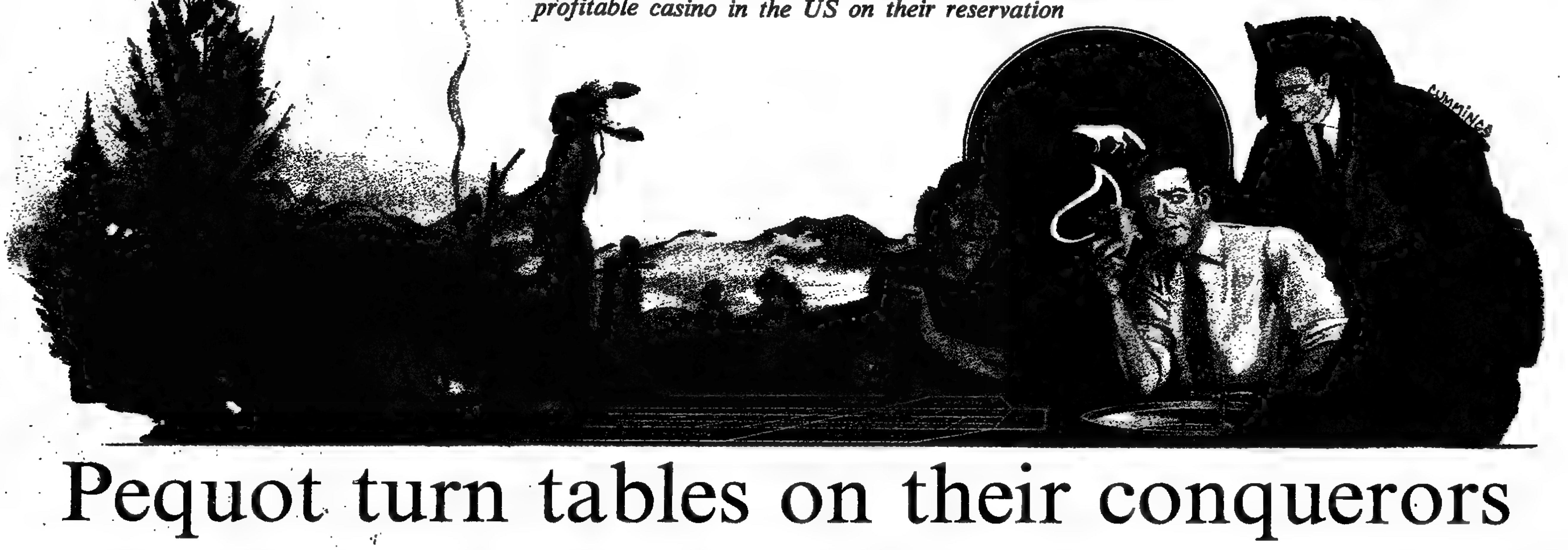
Anne Heseltine – Ysatis by Givenchy

Weekend FT

SECTION II

Weekend November 21/November 22 1992

***David Spanier** tells the tale of the Pequot tribe, almost wiped out by the English 350 years ago and whose very name came to symbolise doomed hope. Now 250 survivors have regrouped and exploited their special legal status to build the most profitable casino in the US on their reservation*



Pequot turn tables on their conquerors

IN 1637, English soldiers acting in the name of Charles I attacked the tribe of Pequot Indians on the east coast of America, burned their fort and massacred everyone they could find.

An Englishman who saw the slaughter wrote: "... the fire burnt their very bowstrings... down fell men, women and children... great and doleful was the bloody sight." After expressing Christian remorse, he concluded: "We had sufficient light from the word of God for our proceedings."

Now, more than three and a half centuries later, a small group descended from survivors of the Pequot massacre are taking a spectacular economic revenge.

They have exploited their status as a "defeated nation" under the US constitution to avoid the puritan traditions – and laws – which restrict gambling in Connecticut. A casino on their reservation is making huge profits for the Pequots who are using the money to reclaim land they lost so many years ago.

This extraordinary renaissance of tribal fortune is based on the Pequots' ancestral love for their land which they never forgot and never lost hope of regaining.

This land, rising in gentle slopes of forest from the coast, east of the Connecticut River, has been inhabited for 10,000 years by the distant forebears of the present tribe before the Pequots were almost wiped out. Herman Melville chose the name Pequod – "now extinct as the ancient Medes," so he wrote – for his doomed ship in *Moby Dick*.

Even now the tribe numbers barely 250 people living on the Mashantucket Pequot Indian Reservation in the backwoods of Connecticut, a few miles from the town of Mystic.

This is no dusty, dispiriting stretch of empty land, like so many Indian reservations out west. Mashantucket means wooded land. And here in the colonial heartland, an entrance sign, in red and green on a stone pillar, proclaims: Foxwoods High Stakes Bingo & Casino.

Overnight, Foxwoods has become the most profitable casino in the US. It is likely to make the tribe a profit this year of around a $100m. Every day, in the nine months since the casino opened, 10,000-12,000 people have poured in. They come from Boston, two hours away, and Rhode Island and all the little towns around with English names such as Oxford and Norwich and they love to gamble. Foxwoods is coining money faster than any casino in Las Vegas, even though it is not at all like Vegas. First, there are no slot machines. Secondly there is no neon.

A long low building, with outstretched wings, in brown and grey brick, curving round in welcome, greets the visitor. The surface is lightly decorated with Indian motifs. Beyond the acres of car parking, trees ring the horizon.

In the entrance, a fountain splashes down over a rocky outcrop. The casino floor is vast. Under glass roofs, it stretches into the distance.

The players are buzzing with youthful exuberance. The atmosphere is noisy, friendly and unthreatening (no security men with guns and handcuffs). The casino is run by American staff, 3,300 strong. The Indian presence is reflected in touches of green and red colour and ornament.

The Pequot logo – on gaming chips and table mats and match books – is everywhere. It contains a bare branched tree, a white fox beneath it looks out over a dark curving hill, whose centre displays the mysterious mark of a former tribal leader.

"For 350 years, there was no Pequot life and no Pequot history. There was nothing here," Terry Bell, Pequot tribal affairs co-ordinator

The main games played are roulette and blackjack, with a non-stop poker parlour on a lower floor. There are over 200 tables in play, which exceeds by far any US or European casino. Bingo is catered for in a separate wing.

Bingo has long been a staple of Indian reservations. At Foxwoods it attracts upwards of 2,500 people a night. It is the casino gambling which is new, made possible by the Indian Gaming Regulatory Act, passed by Congress in 1988.

Indian tribes are not generally subject to state laws: they have the status of defeated nations, recognised by Washington as sovereign authorities in their own lands. It took a series of court actions in Connecticut, culminating in a ruling by the US Supreme Court, before the Mashantucket Pequot's right to regulate gaming was upheld: and the tribe set to it with a will, starting in February this year.

In the centre of the reservation is a cedar swamp, which was the Indians' refuge and hiding place, called the owl's nest. A unique species of rhododendron, with a blood-red centre in a white flower, said to represent the blood of the Pequot, blooms there.

By the 1950s there were only two old women living on the reservation, then reduced to 250 acres. One of them was Elizabeth George who vowed: "Hold on to your land."

"For 350 years, there was no Pequot life and no Pequot history," says Terry Bell, a grand-daughter of George, and tribal affairs co-ordinator. "There was nothing here."

In 1983, a few surviving Pequots, who had been scattered over New England, secured federal recognition and a grant big enough to build half a dozen houses. An effort to find local employment led to the opening of a bingo hall.

It was only a small beginning but the Pequots were back on their land once more. They now own just under 2,000 acres. The band of survivors re-organised themselves and elected Richard "Skip" Hayward, a grandson of Elizabeth George, as leader of their tribal council. He had formerly been employed as a fitter in a local shipyard; but he has shown sound commercial judgment.

Permission for a casino was secured only after a long wrangle with the State of Connecticut, which on the whole disapproves of gambling. Now the state gains substantial taxes and must screen and licence gaming staff and suppliers, to prevent criminal infiltration – a danger common to all US gaming.

The casino proved an immediate success. Not simply because it was the first in the region – there are about 30 casinos on Indian reservations, mostly in the mid-West – but in the Pequots' style of management. After all, how could a tribal council, gathered together from humdrum occupations in inner cities, with no experience in business find the expertise to run a modern casino? The explanation seems to be that the tribal council had the imagination to recruit good people and, even more important, the maturity to allow them to run the place on professional lines.

"Of course it's based on trust. We meet every week and we argue things out," says Foxwood's chief operating officer, Al Luciani. "Sometimes they are very conservative in their decisions. But we thrash things out together." Luciani, 47, is an experienced manager: he has worked both in Atlantic City and Nevada and was one of the drafters of the New Jersey casino legislation. Most recently, a decision by Luciani to resign his job, after a difference of opinion with the tribe, suggests that problems of control may prove serious.

Like the Pequots themselves the

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CONTENTS

Weekend FT goes shopping: best of everything from haute couture to pens to jewellery (above) Separate Section

The Long View/**Barry Riley**

Victim of M4 slowdown

ONE OF the most dramatic economic changes during the past few years has been the slowdown in the growth of the money supply. For 20 years until 1991 the broadly-defined version of money, M4, which includes all bank and building society deposits, had grown by an average of 14½ per cent a year, reaching a peak expansion rate of 19 per cent at the beginning of 1990. Now, that growth has collapsed to a mere 5 per cent over the past 12 months.

It is a sign that, whatever happens to the British economy in the immediate future, we would be unwise to look for any clues from what has happened during the years since monetary growth first accelerated into double digits back in 1971.

Since M4 represents, largely, the liability (or deposit) side of bank and building society balance sheets, the slowdown simply reflects the crisis of the banking system. Proud Barclays may now be heading for a trading loss in 1992 and, as its gleaming new building emerges above Lombard Street, we are reminded of the time-honoured investment rule, sell the shares when a company builds itself a new head office. Barclays is not the only one of the big clearers to face tough decisions over dividends. The bankers will remember that Midland, which fell from grace and cut its dividend earlier, has this year lost its independence.

The axe hangs over thousands of employees. The English Big Four raised staff numbers from 229,000 to 280,000 during the 1980s but they are now tumbling. This week's news on the labour-shedding front came from the Royal Bank of Scotland which is to cut 3,500 jobs over five years.

The banking contraction could go much further. The great expansion went hand-in-hand with the creation of the financial bubble in housing and, to some extent, a lesser bubble in the small business sector. There was a huge lending boom on the basis that customers need never repay their debts, except to the extent that they would eventually be liquidated painlessly out of the sale of the assets (to buyers who would, of course, be financed by more loans).

How different it is now, when prices are falling; home owners feel under pressure to reduce their debts, and when the houses are eventually sold the new owners may be able to buy them on smaller loans and at much lower interest rates. For them, at least, all this is thoroughly good news.

During the 1980s it worked like this. Borrowing was strong, largely because of demand for homes which were rapidly rising in price all the time. The authorities kept interest rates high, often between 12 and 14 per cent, in order to keep some sort of lid on monetary growth. But these high interest charges themselves tended to be rolled up as higher and higher debt.

By 1989 the housing bubble started to burst and small businesses began to collapse. Within the ERM interest rates could not be brought down quickly and the debt interest roll-up has continued. Now, at last, rates are lower. But this has exposed other distortions at the banks. High interest rates generated all sorts of opportunities for cross-subsidising customers and services, but these opportunities are now disappearing.

There was scope for offering interest on current accounts, but this is now being squeezed out. All sorts of charges are being slapped on to fill the revenue gap. More importantly, the banks and building societies are being forced to widen the margins between their borrowing and lending rates in order to pay for their bad debts. The good customers pay for the defaulters, something which the politicians find embarrassing in public but no doubt in private regard as an entirely satisfactory way in which the financial system can recover from the mess: better, certainly, than ballouts by the taxpayer.

Extreme conditions provide grand opportunities for niche players, but the stories do not always have a happy ending. In the later 1980s there were great openings for the so-called centralised mortgage lenders, which raised money market funds to finance mortgage propositions brought to them by brokers - often for large and risky loans. Many of these centralised lenders are now in financial trouble and are closed for new business.

However, they have on their books thousands of existing borrowers who are mostly trapped by the fall in value of their property: according to the Bank of England this week as many as one in five mortgaged home owners in London and south-east England now has "negative equity". Sitting ducks, they are often being charged the high mortgage rates of a year ago.

On the other side of the banking system's balance sheet, there is now scope for money market funds and cash unit trusts to cream off the liquid investments of investors. Banks and building societies are announcing "revised" or "adjusted" savings rates (they are never *reduced*, a word apparently only applied by marketing men to lending rates). Word from the Building Societies Association is that the societies have a difficult task in balancing the interests of borrowers and savers, to which you might reply, why not simply bring both savers' and borrowers' rates down in line with money market rates?

In fact the average pre-tax retail deposit rate being paid by building societies was much in line with bank base rates until about two years ago but is now more than a percentage point below. The deal has become worse for savers because the societies are not lending much, so do not need new money, and in any case are trying to widen their margins in order to pay for bad debts.

The answer, as far as the saver is concerned, is not to complain at the injustice of this but to switch to money market funds if substantial sums are involved. Do not be a victim of the M4 slowdown.

MARKETS

London Markets

An elusive glimpse of a silver lining

By Peter Martin, Financial Editor

ON Friday morning, this newspaper's headlines were as gloomy as any in recent memory. "Industry sheds 10,000 jobs"; "Recession maintains its grip for ninth quarter"; "Sweden floats krona after outflow threatens reserves". And so on

Yet on Friday afternoon, the FT-SE 100 index was racing ahead, closing at 2,732.4, up 26 points on the day and within six points of its record close of 2,737.8, reached in May.

Such a contrast is not unusual, of course. Looking out into the future for anything up to 18 months, the market has traditionally been able to peer through the cloud to find the silver lining.

This time, however, the contrast seems particularly marked. The long-lasting nature of the recession has made it hard to see an end; and the experience of the US has been that even after interest rates are cut sharply, a healthy recovery cannot be guaranteed.

Britain's own woes are compounded by the growing sense that continental Europe – especially Germany – is running into more serious economic problems than seemed likely even two months ago. The long-drawn out crisis over the Gatt and oilseeds issues, raising the possibility of a world trade war, have added to the sense of unease.

It was the news, on Thursday afternoon, that a Gatt deal had been clinched that led to the market's surge. The market had earlier shown a marked ability to shrug off the worst of the trade fears, however; by Thursday's close it had already recovered all but five points of its loss since the Gatt talks between the EC and the US broke down in early November.

Behind the week's stock market optimism, another force was at work: signs that, even though the international outlook seemed bleaker and job losses continued to mount, the British economy is – at worst – avoiding a further downward slide. The volume of retail sales for October, published on Wednesday, showed a seasonally adjusted rise of 0.1 per cent; perhaps more significant, in the three months to the end of October, retail volumes rose by 0.9 per cent compared with the previous three months.

One factor behind those rises has undoubtedly been the steady gain in effective earnings of those who have managed to keep their jobs. Robin Aspinall of Panmure Gordon drew attention to the numbers shown in the chart: average earnings deflated by the tax and price index, a measure of inflation which adds in the impact of income tax changes.

In the last recession, it was a truism that those people who stayed in jobs did well. In this recession, though the air of gloom is shared a lot more evenly between north and south, and between service sector and manufacturing, the steady upward path of effective earnings has been more marked than a decade ago. Against that background, the upturn in the trend of retail sales since the summer appears less surprising.

Though the stock market was cheerful this week, the gilt and money markets were more apprehensive. Three month money stayed resolutely above the 7 per cent level of base rates for most of the week, closing around 7¼ per cent on Friday. The market clearly felt that the latest cut in base rates, a week ago, is the last for some time – a view reinforced by the latest edition of the Bank of England Quarterly Bulletin, which emphasised the government's commitment to low inflation.

That commitment is still much in doubt, if the gilt market is to be believed. The drop in short-term rates as a result of last week's base-rate cuts has not been reflected in bond yields, which are up to a quarter of a percentage point higher than their pre-Autumn Statement levels. The announcement of another gilt auction for December 2 did not please the market, which is still jumpy about the level of issuance likely next year.

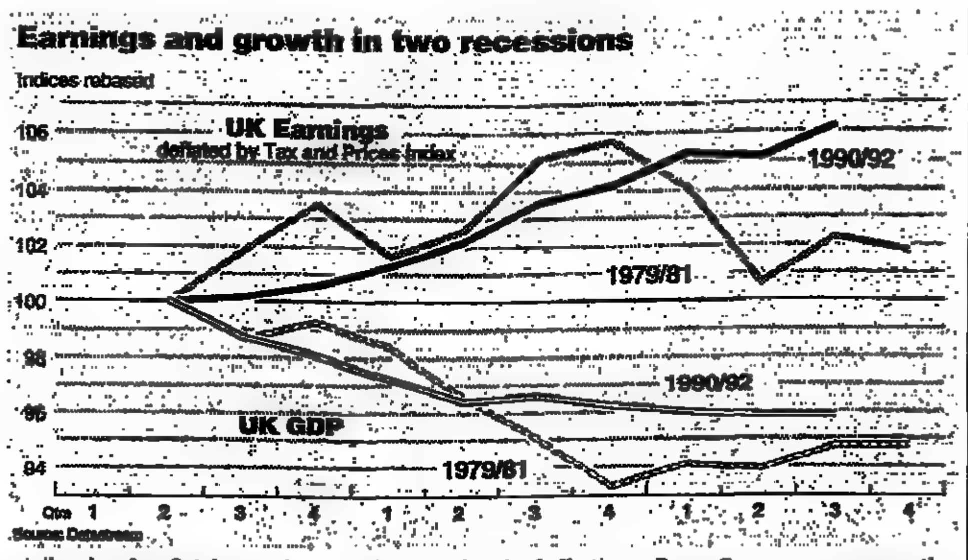
One step to ease that burden was Wednesday's announcement that the government plans to sell more of its remaining stake in British Telecom, currently worth something over £5bn. Details of the sale, to take place in the financial year starting in April 1993, are not yet available. BT's shares were trading at 403p before the announcement; they closed on Friday at 395½p, up 5½p on the week.

Two other privatised companies, National Power and PowerGen, were among the week's most active shares. On Tuesday, National Power company reported a 10 per cent increase in pre-tax profits, and a 10 per cent increase in the dividend – despite a slight fall in total electricity demand, the first for over a decade. PowerGen's figures, published the next day, were not quite so rosy.

The difference between the two generators is still more cosmetic than real, however: timing of investment and slightly different accounting policies explain the gap between the results. Both rose on the week: National Power closed at 287½p, up 17p; PowerGen at 287, up 14½p.

For two company chairmen, the week brought some unwelcome comments. Sir Denys Henderson, the chairman of ICI, found little enthusiasm for his announcement that the group's bio-sciences division, once demerged, would bear the name of Zeneca. "Sounds like a foot infection, not a company," said one City wit. Analysts have also started to question just how much shareholders will benefit from the spin-off.

The other man on the end of unfavourable comment was Alan Sugar, chairman of Amstrad, the computer and consumer electronics business. The offer document detailing his plan to take the company private again, at 30p per share, was greeted with marked lack of enthusiasm by City commentators. Some idea of the mood of shareholders will be given by next Tuesday's AGM, which may give some pointers to the outcome of the vote on the bid on December 10. In the meantime, Amstrad shares closed the week at 28, unchanged.



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2737.4	+39.9	2737.8	2281.0	Optimism towards GATT talks
FT-SE Mid 250 Index	2823.4	+14.5	2825.0	2157.8	Continued underlying support
Abbey National	363	+19	363	245½	BZW profit upgrade
BOC	737	+57	745	563	Post-results buying
British Airways	266½	-13	315	219	Disappointing results/downgrades
Euro Disney	813	-160	1693	703	Poor figures/Paribas "sell"
Evode	91	+33	94	43	Bid by Wassall
Ladbroke	189	+16	267	126	UBS upgrade/County "buy"
Mirror Group	81	+11½	125	49	Confidence over prospects
National Power	287½	+17	290½	188	Good interim figs/Salomon "buy"
Rolls-Royce	98½	-17½	176	92	Trading worries/broker downgrade
Siebe	368	+24	385	255½	Smith New Ct raises recommendation
Union Discount	90	+28	200	38	Receives bid approach
Usher-Walker	161	+81	185	76	Agreed bid by Sun Chemical
Willis Corroon	180	-15	274	144	Third quarter figures disappoint

Serious Money

Make bonds find the balance

by Philip Coggan, Personal Finance Editor

BOND FUNDS are the flavour of the month in the world of personal finance.

Many fund management groups will be hoping that the public gets the message. They have been battling for years to get British savers to move their funds from cash into equity products. Persuading investors to buy bonds, which allow a greater degree of security and certainty of return, might be an easier task.

British savers are not stupid. The reasons they have been so reluctant to move into bonds are twofold. The first is inflation; the high rate prevailing in the British economy since the 1960s has taken a big dent out of capital invested in fixed-interest securities.

Secondly, during the late 1980s, short term interest rates have been higher than the returns on long term bonds (an inverted yield curve in the jargon). Thus, there was little incentive for investors to remove cash from building societies.

The situation has changed drastically over the past year. Short-term interest rates have fallen substantially, with the result that the yield curve has a traditional upward-sloping shape. In other words, the yields on long-dated gilts are above base rates.

Private investors have thus been piling into the gilts causing problems in the market, with a back-log in settlement, because of volume of business.

In addition, there has been a steady stream of bond fund launches in the unit trust sector. Some of these funds have grown substantially – Mercury's Global Bond fund, launched in early 1991, has almost £200m under management.

Suddenly everyone seems to be in favour of the fixed-interest market. Five out of the six financial advisers polled on Page III this week picked bonds, or bond funds, in their income-producing portfolios.

Investors will be aware of one of the golden rules of personal finance; when everybody in the industry is plugging a particular product, that is the worst time to buy it.

There is a possibility that the rule could apply to the enthusiasm for bonds. In the UK, devaluation and the recent rapid reductions in base rates could cause inflation to rise; and the government's deteriorating financial position means that the Treasury will have a lot of gilts to sell over the next few years. Both factors would normally be bad news for gilt prices.

On the other hand, institutional fund managers, such as pension funds and insurance companies, have plenty of scope to buy more gilts. Only 3 per cent of the average pension fund was invested in gilts at the end of 1991, according to Combined Actuarial Performance Services; in 1982, that proportion was 19 per cent. So it is possible that the extra supply of gilts could be absorbed.

'The services of fund managers do not always come cheap'.

Given that so many complex factors affect the bond market, should the private investor deal on his own behalf or opt for the management skills of a bond fund?

Fund managers claim, unsurprisingly, that their expertise is vital. According to Whittingdale, its short-dated gilts fund has outperformed the *FT's* short dated gilt index over the past one, three and five years.

The services of a fund manager do not always come cheap. Initial charges can be 5 per cent and annual charges 1 per cent. That takes quite a chunk out of returns when gilt yields are only 8-9 per cent.

The good news is that competition has helped reduce these fees, with no initial charge at all on two recent Abtrust fund launches.

A further potential problem with bond funds is that gains are subject to capital gains tax, unlike profits on direct holdings in gilts. However, since most investors do not use up their annual £5,800 CGT threshold, this is only a significant factor for a few.

There is no "right" answer to the question of bond funds versus direct investment. If you are buying just one or two gilts, and you intend to hold them to redemption, it is probably alright to deal on your own. But if you intend to have a large proportion of your savings in bonds, and you are not financially sophisticated, then it is probably worth paying for the manager's services.

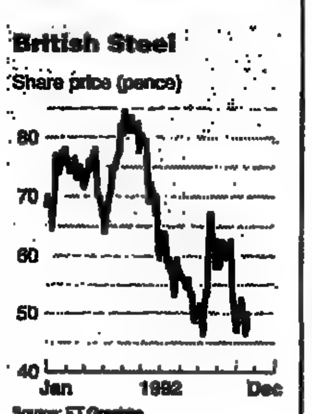
It is almost certainly best to opt for a fund if you are thinking of investing in overseas bonds. There are sound arguments for doing so as, again on Page III, some advisers state.

Many other countries are going through the same recessionary problems as the UK. In Europe, particularly, the high interest rates imposed by the Bundesbank have proved a drag on economic activity.

The hope is that interest rates will fall (and bond prices rise) across Europe once the Germans decide to loosen the deflationary grip on their economy. Given that the record of European countries on inflation is generally better than that of the UK, Continental bond yields may be able to fall further than those in the UK.

There is of course an exchange rate risk, namely that the pound will rise against other currencies. That might seem an unlikely prospect, but some believe sterling could rebound once European interest rates start to fall. The answer is probably that overseas bond funds, like gilts, should form part of, rather than all of, a portfolio.

AT A GLANCE



Mortgage lending picks up a little

Building societies reported a small increase in mortgage lending activity last month. Net advances increased to £663m in October, up from £446m the month before. But the new figure is still less than half the amount lent by building societies in most months during the first two-thirds of the year.
Mark Boleat, director-general of the Building Societies Association, said that the pick up "although very modest, occurred against the backdrop of considerable uncertainty in the financial markets and extinguished household confidence."
Meanwhile, a large number of banks and building societies cut their mortgage rates to about 8.5 per cent this week.
Cheltenham & Gloucester, which had undercut the market with its 9.05 mortgage rate when the standard rate was 9.25 per cent, also dropped its rate to 8.5 per cent.

Gloom for British Steel

British Steel shares slumped to an all-time low this week after it declared a first half loss of £51m and omitted its interim dividend. When the company was privatised in 1988, it was perceived as an income stock. Its shares were trading at around 50p yesterday, compared with 125p on flotation.

Savings scheme for Services

The Ministry of Defence has launched the Services Home Savings Scheme for members of the Armed Forces. Those who save between £50 and £200 a month for 60 months will be entitled to an additional payment, called the Home Savings Allowance (HSA), when they buy a home. The HSA will be paid at a rate of £1 for every £3 saved in the account, including interest earned.

Fidelity launches balanced fund

Fidelity has launched a new money management service called Asset Manager which will aim to provide a better long term return than a building society. The service will balance portfolios between cash, bonds and Fidelity's new futures funds, which aim to provide exposure to equities at reduced risk. The initial asset mix will be 30 per cent cash, 30 per cent bonds and 40 per cent futures funds. Minimum investment will be £10,000 (minimum withdrawal is £1,000) and the expected gross yield will be 5 per cent. Initial charge is 4 per cent plus VAT, with an annual charge of 0.5 per cent plus VAT.

New monthly income fund

Foster & Braithwaite, the private client stockbroker, is launching a monthly income fund based on investment trusts. To stabilise the income flow F&B will pay a level amount each month for a year. The fund will initially pay 90 per cent of the net dividend yield at the time of purchase, with the remaining 10 per cent credited to an interest-earning account. The minimum investment is £10,000; initial charge is 3 per cent plus VAT, annual charge is 1.25 per cent and there is a dealing charge of 1 per cent.

Setback for smaller companies

Smaller company shares suffered a setback this week, ending their recent rally. The Hoare Govett index (capital gains version) fell 0.6 per cent from 1111.5 to 1104.34 over the week to November 19, while the County index dropped 0.3 per cent from 857.9 to 854.99 over the same period.

Wall Street

Market tires of Clintonomics guessing game

IF INVESTORS were hoping to use the immediate post-election period to pass judgment on President-elect Clinton's policies to revitalise the economy, they have been sorely disappointed.

In the nearly three weeks since polling day more has been learned about Socks the cat, the soon-to-be First Pet, than about Clintonomics.

The Democrats' decision to keep their presidential plans under wraps has left the stock market somewhat adrift. Investors have not even been able to indulge in a favourite post-election game – giving the thumbs up, or down, to new cabinet appointments.

Even trying to guess the names of the cabinet is no longer fun. The market has ceased caring whether Paul Volcker, the former Federal Reserve chief, or Robert Rubin, the Goldman Sachs supremo, gets the top job at the Treasury, or whether Harvard scholar Robert Reich becomes the new White House economic adviser.

To make matters worse, the market has also lost interest in monetary policy. Since 1990 the direction of interest rates has been one of the most important factors influencing the market, alongside corporate profitability and economic performance. Speculation about whether, when, and by how much, the Fed might cut interest rates has kept investors busy for the best part of the last two years.

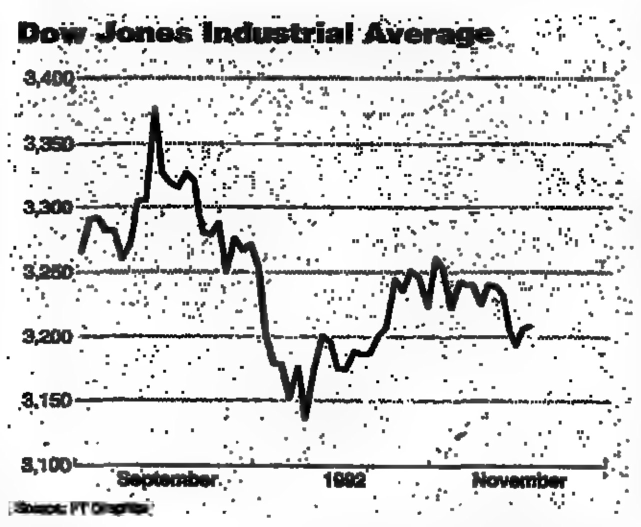
Today, however, interest rate policy appears locked in neutral. Although the rash of positive economic statistics after the election has since been undermined by fresh gloomy news about the state of the recovery (just this week housing starts were reported to be down sharply and unemployment insurance claims up sharply), the Fed appears to be in no mood to touch the monetary accelerator again.

This week's meeting of the Fed's key Open Market Committee, normally an occasion keenly watched by both stock and bond markets for signs of changes in policy, passed almost unnoticed.

Operating in a political and monetary policy vacuum, the market has been forced to look elsewhere for inspiration. Tax issues have been unusually prominent this week. President-elect Clinton's campaign pledge to increase taxes on the wealthy has raised fears that he may put up the capital gains tax as well, and a desire to book profits now rather than later may have been partly behind some of the recent profit-taking.

Investors may also have been indulging in some loss-taking. Late November is usually the time when investors begin to sell stocks that have performed badly in their portfolio as part of a seasonal plan to maximise the tax benefits from their investment losses.

This tax-related trading is thought to have played a large part in the fall in IBM's share price. On Thursday IBM fell to $61¼, its lowest level since July 1982. Analysts said that concern that the weakness of European economies will hit overseas orders for IBM mainframes was also behind the selling of the stock.



Corporate tax issues have also been at play in the wider market. Stocks of small and medium-sized companies traded over the counter on the Nasdaq market have been much in favour recently (the Nasdaq composite index has risen almost 6 per cent since November 3, polling day), and one of the explanations put forward by analysts for the buying is that investors are focusing on the Democrats' proposal during the election to cut taxes on capital gains from long-term investment holdings of small and mid-sized companies.

Among individual corporate news, the news that telecommunications giant AT&T and financial services combine Transamerica, are planning to take parts of their operations public in 1993, suggested that some large companies are confident the market will be in reasonably good shape next year.

Of the two deals, AT&T's looks the largest. The company wants to float 15 per cent of its equipment leasing and finance subsidiary, AT&T Capital. The subsidiary earned revenues of over $1bn last year, and has assets of over $7bn, and while the idea behind the move is to give AT&T Capital a large measure of financial independence, the interesting point about the partial spin-off is that it leaves AT&T free to concentrate on its core businesses of telecommunications and computing.

Transamerica is also getting rid of non-core assets to focus on what it does best. It plans to sell its property and casualty insurance business next spring through an initial public offering of stock. The demerger will enable Transamerica to apply all of its energies to its life insurance and finance business.

Patrick Harverson

Monday	3205.74	– 27.29
Tuesday	3193.32	– 12.42
Wednesday	3207.37	+ 14.05
Thursday	3209.53	+ 14.05
Friday		

The Bottom Line

New rules bring companies to account

THE EFFECT of changing British accounting standards became starkly apparent to investors last week with preliminary results from BOC, the UK industrial gases and healthcare group. BOC reported pre-tax profits down 31 per cent to £215m in the 12 months to September 30, well below market expectations. Without accounting changes, this year's figure would instead have been up by 10 per cent to £341.9m.

The company is one of the first among many likely to be altering their figures substantially as a result of the new regime for financial reporting being introduced by the Accounting Standards Board (ASB). BOC said the culprit was FRS 3, the new financial reporting standard on the profit and loss account launched by the ASB at the end of last month, which becomes mandatory for year-ends after June 22 next year.

A number of other companies are beginning to change already. In the past few days, Courtaulds and De La Rue both have published interim results in compliance with FRS 3. It alters the shape of the accounts radically, particularly for those companies with active acquisition and disposal programmes. Among the principal changes are:

■ The virtual abolition of the extraordinary item. Only extremely rare and unpredictable events outside the normal course of business activities will be allowed. That might include expropriation of a company's assets following a political revolution in the UK, but not in Iraq.

■ Calculation of earnings per share will include any remaining extraordinary items. This will make earnings far more "lumpy" year by year and will discourage readers of accounts from relying so exclusively on this single published figure – and the price/earnings ratio based on it – which has been subject to considerable manipulation in the past.

■ Gains or losses on the disposal of revalued assets must be shown in the profit and loss account at their carrying value given in the balance sheet, not at historical cost.

■ The treatment of goodwill – the difference between the net assets and purchase price of a business – is changed. Previously, goodwill could be written off to reserves and companies could make a "profit" on the sale of a business without taking account of the goodwill. Now, any stated profit or loss on resale must reflect the original purchase price. Any goodwill written off must be written back.

For BOC, most of the impact on profits came from this final item. Its disposal of subsidiaries during the year – principally Glasrock, its domestic medical gases business – resulted, in a loss of £117.1m which it had written off previously as goodwill.

BOC pre-tax profits: before and after

	1988	1989	1990	1991	1992
Before	287.1	324.8	350.2	310.1	341.9
After	254	324.8	350.2	310.1	215

Source: BOC annual reports

Readers of future accounts will also find other revelations required by FRS 3. Companies must continue to disclose separately three types of exceptional item: profits or losses on the disposal of fixed assets or businesses, and the costs of fundamental restructuring. In BOC's case, these items include the £117.1m goodwill write-off and a £25.4m provision for reorganising its health care division. As the table shows, FRS 3 would not have had a significant impact for BOC in the past five years except in 1988, when there was a loss on disposals of businesses of £17m and £24.5m written off as goodwill.

Companies must also show turnover and profit, divided for the first time between continuing and discontinued operations and those acquired during the year. That should help those trying to make estimates of underlying and future maintainable performance.

The danger of creating these "pigeon-holes" for profits and losses is that numbers shown previously in a single extraordinary or exceptional item may now be concealed in a variety of figures.

The ASB hopes to force investors to sift through more information and make their own calculations and judgments rather than relying on published earnings alone. Its rationale for FRS 3 has been to make accounts more transparent, allowing in sunshine by providing additional financial information.

But the effect might be more like a prism, scattering considerable information over a wide area. That could prove confusing and intimidating initially for many readers of accounts.

Andrew Jack

How to invest your savings for income

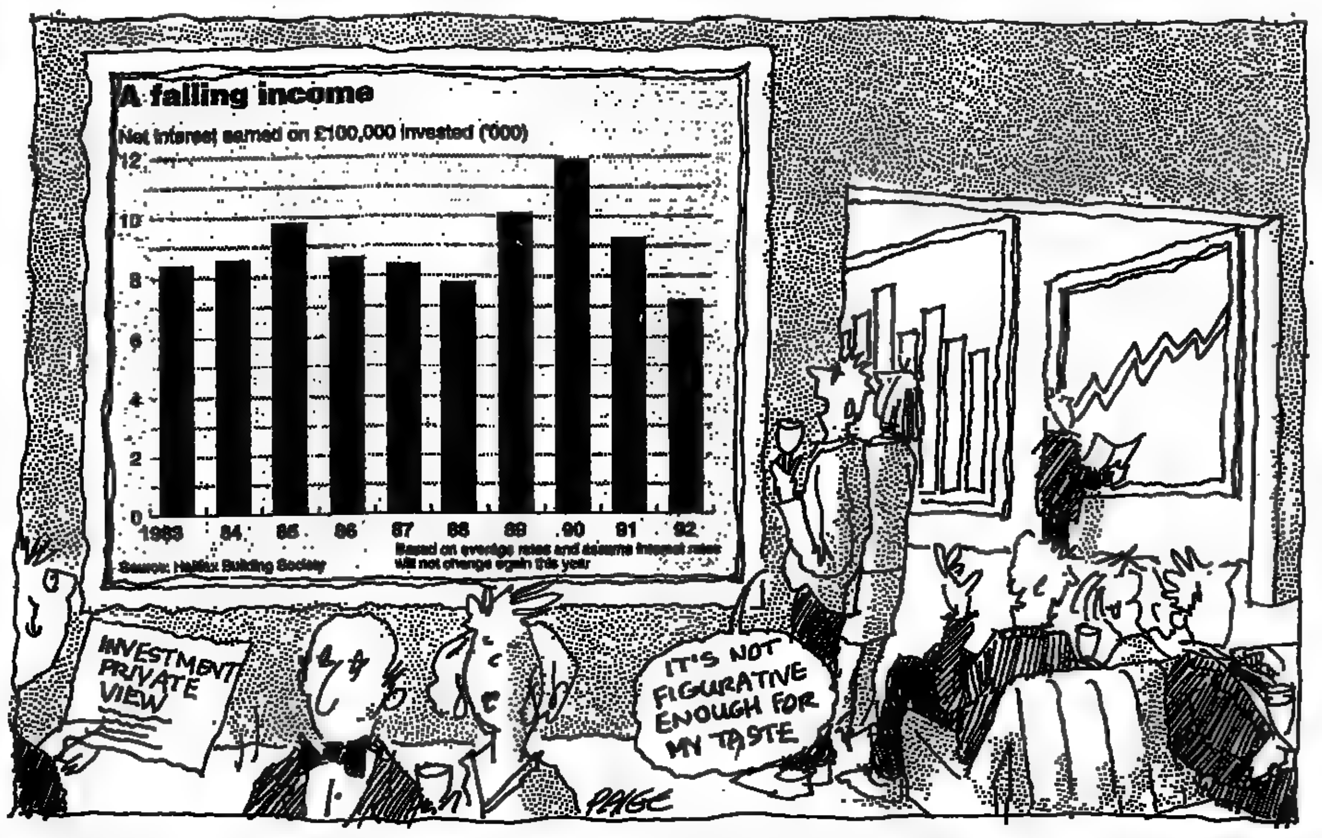
Philip Coggan asks financial advisers to construct a portfolio of £100,000 to produce earnings for a single person

HOW DOES the saver invest for income, now that the rates available from building societies have fallen?

The graph shows how the net income from £100,000 invested in a Halifax Building Society 90-day account has fluctuated over the last 10 years. Some years, such as 1990, have been great times to be invested in cash.

But anyone who had kept all their money in a building society account for the past decade, drawing income as they went, would now be earning less than they had earned in 1983, even in nominal terms. Ten years of inflation would have done serious damage to their standard of living.

So the *Weekend FT* asked expert financial advisers to construct a portfolio of £100,000, with the aim of producing income for a single person. We outline their recommendations below. Most seem to have opted for a plan which produces a growing income, rather than the maximum income immediately. (We have deducted basic rate tax to give readers a rough means of comparison but, in some cases, advisers have chosen instruments which pay income gross. Yields given reflect those available earlier this week.)



Cole's portfolio

John Cole, of Berry, Birch & Noble, in London, says: "The danger with interest rates continuing to decline is that investors are tempted to stretch the income returns by introducing more risk. It is essential that investors are realistic about the potential income returns and we would prefer to take a marginally lower income to allow a little emphasis for capital appreciation and rising income in the years ahead."

"I am particularly keen to balance the Providence Capitol Building Society Bond, which provides a premium deposit-based rate of return, with a solid backbone provided through gilts and the Hill Samuel Guaranteed Income Bond. The latter is particularly important in building up the monthly income which is likely to be required."

"Moving into the non-guaranteed investment areas, we do favour investment in international bonds and providing a hedge against currency fluctuations by way of the Hambros EMMA Managed Fund. This has a good yield and a solid track record. Rather than invest directly into Permanent Interest Bearing Shares (PIBS), we prefer the Exeter Balanced Fund which combines investment in PIBS with zero coupon shares in investment trusts. It achieves a lower overall income return but does provide the prospect of income and capital growth. A Personal Equity Plan is an essential ingredient and we would favour a high yielding fund." His suggestions are:

- Providence Capitol Building Society Bond. Amount £15,000. Annual Income £876 (net).
- Northern Rock TESSA. Amount £3,000. Annual income £174.
- Treasury 10 per cent 2003. Amount £10,000. Annual income £680.
- Treasury 2 per cent index-linked 2006. Amount £10,000. Annual income £254.
- Hill Samuel Guaranteed Income Bond. Amount £25,000. Annual income £1,500.
- Hambros EMMA Managed Fund. Amount £15,000. Annual income £693.
- Exeter Balanced Fund. Amount £16,000. Annual income £739.
- Murray Income Trust PEP. Amount £6,000. Annual income £318.
- Total income (net of basic rate tax) £5,234.

Kauders' portfolio

David Kauders, Taunton-based fee-charging financial adviser, is a long-term fan of fixed-interest investments. "In our opinion, the dollar is cheap at the moment and likely to rise against the pound," he says. "Therefore investments based in dollars and arising in dollars will be worth more in sterling in the future. We would therefore recommend purchasing long maturity US Treasury bonds.

"In addition, we would purchase two gilts on the Bank of England Register. We would suggest the Treasury 8½ per cent 2007 and the 8 per cent 2009. This will give you a further income of around £4,000 per annum gross." Suggestions:

- US Treasury 7⅛ per cent 2022. Amount $80,000. Annual income $6,100 (£3,965 gross, or £2,974 after basic rate tax.)
- Treasury 8½ per cent 2007. Amount £23,000.
- Treasury 8 per cent 2009. Amount £25,000. Combined annual income on gilts £4,000 gross (£3,000 after basic rate tax)
- Total income on this portfolio would be around £7,965 gross at present exchange rates (£5,974 net).

Higgins' portfolio

James Higgins, of the London-based Chamberlain de Broe, disagrees with Kauders on this point. "We think gilts might be more attractive in a little while, particularly if the government decides to wade in with a new issue."

Higgins says of his portfolio. "It is designed for a five year term. It is silly for anyone to go near equities unless they are prepared to look at five years at least. The portfolio yields just over 7 per cent net to a 40 per cent taxpayer, and slightly more to those on basic rate."

"The deposit can be either a straightforward one or the Hambros EMMA managed currency fund: the opportunity cost of the latter is not high in terms of deposit interest foregone."

The next element of Higgins' portfolio is a back-to-back "generator" plan involving an annuity, which provides high income (but loss of capital) and some tax-efficient non-income providers. "Our objective is to generate a fixed basic income the investor can use each month" he says. "A five year temporary annuity provides a tax efficient income. We back this up with a combination of national savings index-linked certificates, investment trust zeros and a cash-backed Business Expansion Scheme."

For the zeros, Higgins suggests the Kleinwort High Income Trust, where the zeros are fully covered and offer a redemption yield of more than 8.5 per cent. Although the Bank of Scotland Linen Bank BES has sold out, Higgins thinks similar schemes will be available.

A further big chunk of the portfolio – £32,000 – would be in investment trusts. "The first £6,000 would be held within a PEP and more to be transferred-in next year. Jove, River & Mercantile or River Plate look good," he says. He adds £3,000 in a single company PEP, suggesting Bristol Water on a gross yield of 8.75 per cent.

Finally, Higgins includes a with-profits bond. "I usually hate these" says Higgins "but Royal's bond clearly spells out the dangers of a market value adjustment. It carries no 5 per cent initial charge but it does impose penalties if the client pulls out early. I like the penalty – it protects longer term investors and makes potential investors aware that investment in any equity product cannot be short term. Royal guarantees return of capital after five years and a first year 9.25 per cent bonus. Suggestions:

- Deposit or currency managed fund. Amount £20,000. Annual income £750 for basic rate payer, assuming 5 per cent yield.
- Generator, consisting of five-year temporary annuity from Standard Life (amount £15,000), 6th issue index-lined national savings (amount £5,000), investment trust zeros (amount £10,000) and a cash-backed BES. Annual income £3,440 for basic rate payer.
- Investment trusts. Amount £32,000. Annual income £2,805.
- Single company PEP in Bristol Water. Amount £3,000. Annual income £282.
- With-profit bond from Royal. Amount invested £5,000. Annual income £400.
- Total income (net of basic rate tax) £7,657.

Scott-Hopkins' portfolio

Clive Scott-Hopkins, of Towry Law in Windsor, Berks, suggests a broad range of investments, starting with £19,000 in Barclays Jersey-based sterling bond fund, which invests in UK gilts and corporate bonds. Another £10,000 would be invested in Perpetual's International Bond unit trust.

Another unit trust which Scott-Hopkins chooses is the ExBal fund, managed by Exeter, which invests in zeros and PIBS. ExBal has a gross yield of 6.5 per cent, which converts into an income of £500 on his proposed investment of £10,000. Scott-Hopkins then selects three with-profits bonds (from the Prudential, Commercial Union and General Accident) which he says offer yields of between 9.5 and 10.5 per cent, converting into an annual income of £2,250.

Two equity investments follow – £6,000 in Foster & Braithwaite's PEP (investing in splits and other investment trusts) and £10,000 in Foreign & Colonial's Jersey-based protected equity scheme. This locks in the bulk of the growth of the FT-SE 100 Index on a quarter-by-quarter basis.

Finally, Scott-Hopkins opts for £15,000 in the Generali Lifetime Income Bond, which is based on war loan and pays a fixed income for life. Suggestions

- Barclays sterling bond Fund. Amount £19,000. Annual income £1,300 (after basic rate tax)
- Perpetual International Bond Fund. Amount £10,000. Annual income £500.
- Prudential/Commercial Union and General Accident with profits bonds. Amount invested £30,000. Annual income £2,250.
- ExBal unit trust. Amount £10,000. Annual income £500.
- Foster & Braithwaite PEP. Amount invested £6,000. Annual income £500.
- Foreign & Colonial Protected Equity fund. Amount invested £10,000. Annual income nil.
- Generali Lifetime Income Bond. Amount invested £15,000. Annual income £1,200.
- Total income £6,250, net of basic rate tax, plus any gains from the F&C fund.

Noble-Warren's portfolio

The portfolio chosen by Robert Noble-Warren, of London-based Murray Noble, has a distinctly international flavour. His cash holding is in French franc deposits, via one of Rothschild's offshore currency funds, yielding 9.3 per cent.

Noble-Warren would invest a further £60,000 in European bonds, which he says "are very good value at present." He feels interest rates will have to start coming down again because the German economy is slowing and needs stimulus. The two funds he chooses are offshore, CMI German Bond, yielding 6.4 per cent and Hambro Continental European Bond, yielding 7.5 per cent.

"We believe UK gilts are not a good buy compared to German, Swiss or French bonds" says Noble-Warren. The exception is the index-linked sector, where Noble-Warren suggests investing £10,000 via Guinness Flight's offshore index-linked gilt fund, yielding 2.2 per cent.

Finally, Noble-Warren suggests an investment of £10,000 for capital growth, choosing a combination of Latin American Investment Trust, and Templeton Emerging Markets Investment Trust. Suggestions:

- Rothschild Old Court French franc fund. Amount invested £20,000. Annual income £1,395.
- CMI German Bond Fund. Amount invested £30,000. Annual income £1,440.
- Hambro EMMA Continental European Bond fund. Amount £30,000. Annual income £1,687.50.
- Guinness Flight index-linked gilt fund. Amount £10,000. Annual income £165.
- Latin American Investment Trust. Amount £5,000. Annual income £11.25.
- Templeton Emerging Markets Investment Trust. Amount £5,000. Annual income £56.25.
- Total income, after basic rate tax, £4,756.

Boyton's portfolio

Rather than construct a single portfolio, Richard Boyton of the Halstead, Essex-based Boyton Financial Services suggests a series of options. The first would be a portfolio of zero preference shares (for example, Sphere, Gartmore American, Fleming International High Income, Ivory & Sime Optimum Income and Drayton Blue Chip), with the investor steadily selling the zeros and using the capital gains as tax-free income.

Option two would be traditional preference shares, issued by institutions such as Bank of Ireland, Bank of Scotland, Nat West, Co-op Bank or Commercial Union. Further possibilities include:

- PIBS. A slightly higher risk, but yielding approximately 11 per cent gross (8.25 per cent net).
- International bond funds, such as Baring's or GT's offshore funds, yielding around 6 and 7 per cent gross respectively (4.5-5.25 per cent net)
- Income and growth unit trusts, such as Newton Income (yielding 4.78 per cent gross, or 3.59 per cent net) and James Capel Income (yielding 5.55 per cent gross, or 4.16 per cent net).
- Income and growth investment trusts such as Investors Capital UK Blue Chip, TR City of London, Murray International, Value and Income and TR Far East. Gross yields on the above vary between 5.3 per cent and 6.8 per cent (3.98 per cent and 5.1 per cent net).

NEXT WEEK: saving for capital growth

BES launches

THE WIND of change continued to blow through the Business Expansion Scheme market this week.

Some very speedy investment decisions came in its wake.

On Monday, the British Linen Bank launched a series of BES companies which would invest in assured tenancy rental accommodation. But, like schemes launched in September by Johson Fry in association with TSB, and by Close Brothers in association with Barclays, it came with a guarantee that a non-recourse loan would be available after six months.

This loan facility proved so popular that the entire £15m offer had been snapped up by Thursday – even though the scheme had had little chance to gain any publicity.

Another scheme, without a non-recourse loan, also managed to sell out this week.

The "non-recourse" loan changes all the ground rules of BES investment. The extensive tax advantages of owning BES shares are sacrificed if you dispose of the shares within five years.

This made the investment somewhat inflexible and inappropriate for those who needed their money sooner.

However, the Inland Revenue has decided that it will permit banks to lend money to BES shareholders with only the value of the BES shares themselves as security.

The lenders have no recourse to any other of the shareholders' funds apart from the BES shares.

That means that the shareholders can effectively walk away from the investment as soon as they have taken the loan.

The tax reliefs on offer make it possible to offer high returns – for example, for every £1 invested, the British Linen Bank was offering 72p after six months.

Once tax relief of 40p in every £1 is taken into account, that means that before expenses each investor has managed to convert 60p into 72p in the space of six months.

None of this works for basic rate tax payers, who will have paid 75p after tax for each share.

These schemes offer a heavy advantage to top-rate payers.

John Authers

FINANCE AND THE FAMILY

Mortgages: fixed as low as they can go?

ABBEY NATIONAL yesterday withdrew its 6.99 per cent mortgage fixed until the end of January 1995 launched just five weeks ago, because of the level of demand.

After a period in which borrowers have opted for variable rates, the Abbey sell-out indicates that borrowers are beginning to feel that the new fixed and capped rates on the market are about as low as they are going to get.

The main benefit of a fixed rate is to enable mortgage-holders to budget with confidence, since monthly payments will be fixed for a guaranteed period. This argument will be of little comfort to those who took out one of the many fixed-rate mortgages of more than 10 per cent a year ago.

The main drawback of these loans is that you are taking a gamble on the direction of interest rates. The standard variable mortgage rate a year ago at Halifax, the largest lender, was 11.5 per cent.

So, a fixed 10 per cent appeared an excellent deal, especially since mortgage rates had been above 15 per cent for most of 1990. People flocked to take advantage.

Yet, despite fixed rates of 7 per cent, few lenders had reported a rush, although interest has picked up lately, as the Abbey offer shows. "People have short memories," said David Duncan, of mortgage broker Chase de Vere. "When rates are falling, they think that they will fall further."

Walter Avrili, of mortgage broker John Charcol, also believes it would be a mistake to hold off in the hope of lower rates. "People will wait for another base rate cut but they will be disappointed," he said.

Lenders arguing in favour of taking a fixed rate now say they have not been this low for the past 15 years. But a year ago, they were saying a 10 per cent fixed rate was the lowest for a decade.

> *'The drawback is that you are taking a gamble'*

In any case, borrowers may be wrong to assume that mortgage rates will follow base rates down to the same degree.

In recent years, the standard variable mortgage rate has been about 1.5 percentage points above the base rate (although in November 1971, when base rates were 4.5 per cent, Halifax's standard variable rate was 8 per cent – a full 3.5 percentage points higher). And, as Halifax's Mark Hemingway said this week: "We still have to maintain rates for our savers."

The money markets play an important role in determining mortgage rates. Lenders fund a fixed-rate mortgage by borrowing a tranche of funds on the money markets; Abbey National, for example, borrowed funds at 6.45 per cent to offer a fixed rate of 6.99 per cent to homeowners.

But sterling money market rates changed direction this week by charging interest above the 7 per cent base rate, with dealers taking the view that the next base rate cut might not happen this year.

If this mood persists, lenders might be unable to offer lower fixed-rate mortgages for the time being than the ones now on offer.

The table shows a number of fixed and capped rates on the market. John Charcol recommends the Halifax's 9.29 capped rate until the end of January 2000 as an outstanding scheme. This is because it runs for a relatively long period and gives borrowers the benefits of lower variable rates while setting a ceiling of only 9.29 per cent if base rates increase.

But borrowers should know that fixed and capped rates carry a fee, and that they impose early redemption penalties of three months or more.

Finally, do not be lured into a short fix with a lender which does not have a competitive standard variable rate. You might get a good rate for a year or two – but what about the next 20?

Scheherazade Daneshkhu

Selected Fixed and Capped rates

Lender	Rate (per cent)	Min Adv	Max Adv (per cent)	Duration	Type*	Fee
Fixed						
Abbey National	6.99	none	95	30/11/95	E/P/R	£199♣**
Brm'ham Midshires	7.25	none	90	2 years	E/P/Pep	£195
Portman	7.5	£15,500	85	2 years	E/P/R/IO	No fee**
Alliance & Leic	7.6	£30,000	80	2 years	E/P	½%, max £300
	7.75	£30,000	95	2 years	E/P	½%, max £300
Scarborough	7.75	none	90	3 years	E/P/R	£175 on app or £225 on comp
TSB	7.85	£15,000	95	28/2/96	E/P/R	£195
Halifax	8.25	£15,001	95	31/1/97	E/P/R/Pep	£250
Capped						
Halifax	9.29	£15,001	95	31/1/2000	E/P/R/IO	0.5% on app
Bank of Ireland	5.99	£15,001	95	1/3/94	E/P/IO/R	£260
TSB	7.5	£15,000	95	31/1/95	E/P/R	£250
Brm'ham Midshires	7.99	none	90	2 years	E/P/Pep	£225
John Charcol	10.99	£20,000	95	1/9/95	E/P/IO	£245

*E=Endowment, P=Pension, R=Repayment, IO=Interest Only, ** Compulsory insurance-related products have to be taken, ♣ First time buyers only*

Source: John Charcol

Health debut by insurance giant

THE MARKET for permanent health insurance (PHI) got a boost this week when the UK's largest mutual life insurer, Standard Life, offered a product for the first time. And the Life Association of Scotland (LAS), which entered the market last year, relaunched its scheme.

PHI is named awkwardly and might better be described as "sick pay insurance" or "income replacement." It pays out an income while you are unable to work, and tends to be of most use to those who are self-employed or in the professions. (Those employed by large companies may well have adequate cover in place already).

State provision is unlikely to be adequate for anyone with extensive financial commitments as it offers sickness benefit of only £66.70 a week for the first 28 weeks of disability, and an invalidity pension of £106.40 thereafter.

The industry standard is to pay a maximum of 75 per cent of your income. Insurers will not pay a whole salary because they feel this could encourage people not to return to work.

Premiums are cheaper the longer you are prepared to have off work before receiving an income. The new Standard Life policy offers deferred periods of 13, 26, 52 and 104 weeks. LAS also offers a deferred period of only four weeks, which will interest those who might need a replacement income most quickly.

Premiums will also be affected by your age when you start the policy, and your job. Standard Life will charge a 30-year-old male accountant a monthly premium of £15.23 for benefit payments of £12,000 a year, payable once he has been out of work for 13 weeks. This drops to £12.18 if he is prepared to wait 26 weeks for replacement income.

For cover of £20,000 a year, these figures rise to £23.98 and £18.90 respectively.

John Authers

The Week Ahead

COMPETITIVE pressures in the food industry have worsened over the summer period and will be commented on this week by both food manufacturers and retailers. Argyll, the Safeway supermarket group, should still show a good increase in interim pre-tax profits when it reports on Tuesday.

Estimates are for a rise from £177.8m recorded a year ago to £200m or so this time. Argyll is expected to have achieved better sales growth than its main competitors and margins are rising as well.

On Wednesday Tate & Lyle, the sugar and sweeteners group, will reveal the damage caused in the US from overcapacity in the sweetener market and the delay in getting approval for Sucralose, its calorie-free sugar substitute. Provisions, redundancy costs and the start-up costs for Sucralose will cut profits for the year to end September from £234.6m to around £190m.

Northern Foods by contrast, will on Thursday announce higher interim profits of £67 to £68m against £55.2m, despite higher interest and depreciation charges and a competitive squeeze on some divisions. Earnings per share growth will be limited after last year's rights issue to pay for the Express acquisition.

Kwik Save is expected on Wednesday to report an increase of about 10 per cent in pre-tax profits for the year ended August to about £112m from £101.7m. Its market share is thought to have increased from 7.6 per cent a year ago to around 9 per cent.

Interim results from Thorn-EMI on Tuesday are expected to provide little excitement as the music business has been in the doldrums. Thorn itself has warned the City not to expect much while the newly acquired Virgin music business will will have made virtually no contribution in the first half.

The rental business, however, has remained fairly resilient and forecasts for the interim are for around £95m (£94.9m). Earnings are likely to be diluted by about 17 per cent to 15p due to the Virgin acquisition.

Thorn is likely to face questioning from analysts about the impact of the slowdown in the music market, particularly in Europe.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Blystad‡	5.4	2	4½	7.50	Abbot Hldgs
Cahill May Rob.	94	84	54	[illegible]24.92	AAH Hldgs
Continuous Stat.‡	40*	38	34	6.80	Prontaprint
Evode	80*§§	91	72	94.30	Wassall
New Cavendish	46*	47	44	6.44	Broadland Prop
RHM	260*§§	257½	251½	790.0	Tomkins
Simpsons Cornhill	38½	35	82	1.57	Baldwin
TVS Entertainment	25	29½	18¾†	15.50	Int Family Ent
Do. Pref.	45	52	38†	22.50	Int Family Ent

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 20/11/92. §§Shares & cash alternative. † Price at suspension.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bailey (CH)	Mar	1,090 L	(664 L)	-	(-)	-	(-)
BOC Group	Sept	215,000	(310,000)	19.3	(41.1)	23.2	(20.4)
Capital Radio	Sept	8,840	(9,840)	8.7	(9.4)	5.25	(5.25)
Clydesdale Bank	Sept	59,000	(54,000)	-	(-)	-	(-)
Cosalt	Aug	1,880	(2,470)	11.1	(15.05)	10.75	(10.75)
Currie (M)	Oct♣	174	(153)	0.78	(0.68)	-	(-)
Glasgow Income Tst	Sept♣	984	(964)	3.38	(3.3)	3.2	(3.2)
Henderson Strata	Oct	324	(322)	1.45	(1.56)	1.4	(1.4)
ICI Australia	Sept∥	91,000‡	(68,400‡)	-	(-)	18.0	(15.0)
Navan Resources	Mar♣	31 L	(19)	-	(0.2)	-	(-)
Nesco Inv	Jun	222	(139)	2.97	(0.83)	-	(-)
Ranks Hovis McDoug.	Sept	92,600	(150,200)	-	(-)	-	(-)
Rodime	Sept§§	1,690	(22,400 L)	0.8	(-)	-	(-)
Shani Group	Jul	1,960	(1,960)	9.2	(8.9)	4.4	(4.0)
Sherill	Sept	666	(312)	6.7	(3.4)	2.0	(1.6)
Sidlaw	Sept	10,500	(8,270)	22.0	(18.1)	10.0	(9.0)
Yorkshire Bank	Sept	64,600	(107,000)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ACT	Sept	9,540	(7,600)	4.0	(3.75)
Anglian Group	Sept	10,300	(8,860)	3.7	(-)
Baring Stratton	Sept	395	(196)	-	(-)
Bimec Industries	Sept	7,870 L	(3,000)	-	(0.67)
Black Arrow	Sept	1,550	(538)	1.0	(0.5)
Bristol Evng. Post	Sept2	2,800	(2,000)	4.0	(3.75)
British Airways	Sept	227,000	(185,000)	3.06	(2.94)
British Gas	Sept♣	633,000	(869,000)	-	(-)
British Steel	Oct	51,000 L	(19,000)	-	(3.0)
Cable & Wireless	Sept	378,000	(351,000)	4.75	(4.25)
Cater Allen	Oct	-	-	7.0	(6.0)
CML Microsystems	Sept	1,510	(2,370)	-	(-)
Commercial Union	Sept♥	6,100	(42,400L)	-	(-)
Courtaulds	Sept	88,800	(97,700)	3.8	(3.65)
European Motor	Sept	1,820	(735 L)	1.5	(-)
Filofax	Sept	950	(274)	0.5	(-)
Forward Group	Jul	491	(203)	1.3	(1.1)
GPG	Jun♥	3,150	(-)	-	(-)
Great Portland Est	Sept	16,200	(17,500)	3.4	(3.4)
Harmony Leisure	Sept	344 L	(445 L)	-	(-)
Hazlewood Foods	Sept	24,700	(23,100)	2.3	(2.2)
Heath CE	Sept	8,900	(12,200)	5.0	(7.5)
Hicking Pentecost	Sept	1,650	(1,140)	1.35	(1.2)
Hogg Robinson	Sept	10,100	(10,800)	2.6	(2.5)
Jarvis Porter	Aug	1,850	(1,010)	1.5	(1.4)
Jerome (S)	Oct	9 L	(576 L)	-	(-)
Land Securities	Sep	116,000	(112,000)	6.3	(6.0)
Locker (Thomas)	Sept	188	(217)	0.35	(0.35)
Meyer Int'l	Sept	8,500	(16,500)	4.2	(4.2)
National Power	Sept	201,000	(182,000)	3.3	(3.0)
Ogilvy & Butler	Sept♣	74	(164)	-	(-)
Penna	Sept	1,030	(261 L)	3.0	(1.0)
Platignum	Sept	329	(192)	0.25	(-)
Powergen	Sept	98,000	(97,000)	3.35	(3.05)
Property Partnership	Sept	1,010	(925)	2.55	(2.50)
Readicut Int'l	Sept	6,010	(5,670)	0.65	(0.63)
Sedgwick Group	Sept♥	55,800	(74,000)	-	(-)
Shires Investment	Sept	2,750	(2,820)	8.3	(8.3)
Storehouse	Oct	3,100	(13,900L)	2.5	(2.5)
Towles	Aug	687 L	(644 L)	-	(-)
Unigate	Sep	42,000	(43,300)	5.7	(5.7)
Vibroplant	Sept	2,030	(2,680)	1.22	(1.22)
Volex Group	Sept	3,210	(1,480)	6.5	(6.5)
Vosper Thornycroft	Sept	8,300	(7,100)	4.7	(4.1)
Waste Management	Sept†	40,100	(24,700)	-	(-)
Whitbread	Aug	143,000	(142,500)	4.75	(4.55)
Whitegate Leisure	Jun	1,400 L	(54)	-	(-)
Willis Corroon	Sept♥	60,900	(89,000)	3.3	(3.3)
Wilshaw	Sept	809	(463)	0.15	(0.1)
Yorks Waterworks	Sept	1,280	(1,170)	3.05	(2.8)
Young & Co's Brewery	Sept	2,450	(3,070)	7.0	(7.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ♥ = Figures for nine months. † = Figures for three months. ♣ = Figures quoted in Irish pounds & pence. ∥ Figures quoted in Australian dollars & cents. ‡ = Net profits. ♣ = Net Revenue §§ = American dollars & cents.

RIGHTS ISSUES

Commercial Union is to raise £100m via a cumulative irredeem. pref. issue

Wassall is to raise £103m via a 3-for-5 rights issue at 150p

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Critchley is to join the stock market via a placing of 6.7m shares at 220p

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
ABI Leisure Group	Wednesday	1.57	3.13	1.57
Anglo Irish Bank	Monday	1.36	2.0	-
Apollo Metals	Tuesday	1.15	2.3	1.15
Automagic Holdings	Friday	0.5	-	-
BBB Design Group	Tuesday	-	-	-
Chemex Int'l	Monday	-	-	-
Concentric	Thursday	3.54	7.63	3.54
Diploma	Monday	2.25	6.5	2.75
Dunedin Worldwide Inv	Wednesday	2.4	7.1	2.4
Fairline Boats	Tuesday	7.15	13.85	3.57
Fenner	Monday	3.45	5.1	1.7
Genesis Chile Fund	Tuesday			
Kwik Save	Wednesday	4.3	10.4	4.7
Morland & Co	Thursday	2.17	4.99	2.42
Perpetual	Friday	0.8	2.4	1.2
Scottish Inv Tst	Thursday	1.5	2.9	1.6
Tate & Lyle	Wednesday	3.7	7.5	4.0
Tomkinsons	Thursday	3.5	8.0	3.5
Whitegate Leisure	Monday	-	-	-
Young (H) Hldgs	Tuesday	2.0	4.0	2.0
INTERIM DIVIDENDS				
AAH Holdings	Thursday	5.4	10.95	-
Airflow Streamlines	Thursday	-	0.1	1.0
Allen	Monday	1.65	3.35	-
Alphameric	Thursday	-	-	-
Amber Industrial	Tuesday	4.5	12.5	-
Applied Holographics	Wednesday	-	-	-
Argyll Group	Tuesday	5.2	6.55	-
BET	Monday	4.25	2.25	-
BPB Industries	Thursday	4.0	7.25	-
British Inv Tst	Monday	9.5	13.0	-
Brockhampton Hldgs	Thursday	1.05	3.3	-
Brown & Tawse	Thursday	2.85	1.85	-
Caledonia Inv	Wednesday	4.8	9.6	-
Cambridge Water Co	Thursday	45.0	70.0	-
Castings	Thursday	1.3	2.77	-
Chloride Group	Thursday	-	-	-
City of London PR Group	Wednesday	1.04	1.04	-
Danka Business Systems	Monday	1.25	2.5	-
Dart Group	Thursday	1.3	2.0	-
Dawson Int'l	Tuesday	2.8	6.1	-
East Worcester Water	Wednesday	-	-	-
EMAP	Monday	2.0	5.5	-
Evans of Leeds	Tuesday	1.3	2.65	-
GEI Int'l	Tuesday	2.47	4.85	-
Grampian TV	Thursday	1.0	4.5	-
Harlstone Group	Wednesday	1.87	3.0	-
Hewetson	Monday	1.5	1.8	-
Kalamazoo	Tuesday	0.52	0.87	-
Lowndes Lambert	Tuesday	4.2	8.4	-
Marling Industries	Monday	0.3	-	-
Marston Thompson & Evershed	Wednesday	1.34	3.57	-
Mid Kent Hldgs	Wednesday	4.5	5.5	-
ML Holdings	Wednesday	0.85	1.0	-
Monks Inv Tst	Tuesday	2.0	4.7	-
National Grid Co	Monday	-	-	-
National Grid Holdings	Monday	-	-	-
North American Gas Inv Tst	Thursday‡	1.12	1.12	-
North West Water	Wednesday	6.54	13.15	-
Northern Foods	Thursday	6.48	9.27	-
NSM	Tuesday	-	-	-
Powell Duffryn	Thursday	6.0	16.0	-
Rothmans Int'l	Wednesday	7.5	13.0	-
Scantronic Hldgs	Thursday	0.79	2.18	-
South Staffs Water	Monday	10.5	36.7	-
South West Water	Thursday	7.1	14.6	-
Southern Electric	Tuesday	4.9	11.76	-
Southnews	Thursday	0.5	1.0	-
Thorn EMI	Tuesday	9.0	21.5	-
Thornton Oriental Inc Fund	Friday	-	-	-
Vodafone Group	Tuesday	2.66	2.94	-
Walker & Staff	Tuesday	-	5.0	-
Welsh Water	Thursday	7.13	14.27	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = 1st quarter figures.

Planning Your Pension/Eric Short

If you think you can do it better yourself . . .

INDIVIDUALS who think that they, or their stockbrokers, can make a better job of investing their contributions into a personal pension than the investment departments of life companies have, for the last three years, had the chance to find out if they are right.

Individuals can control their investments on a personal pension through a self-administered arrangement. They can decide on where their money goes, what equities to buy and sell and when, just like their personal investment portfolios.

One main difference between a self-invested personal pension and a private portfolio is that the assets have to stay within the overall pension arrangement until the individual takes the benefits in the usual form, or dies prior to retirement. And the usual procedures apply when benefits are taken: only one quarter of the fund can be taken as tax-free cash, the rest must be used to buy an annuity.

A self-invested personal pension still has to be launched by an approved personal pension provider, usually a life company and the contract remains under the control of the provider. Individuals, or their advisers, cannot set up their own personal pension contract.

The investments under the contract are registered in the name of the provider. The individual or his investment adviser is the investment manager of the assets of that particular contract.

The life company will provide administration services according to individual requirements – including record keeping, periodic valuations and reclaiming tax. Equity dividends are paid net of advance corporation tax which can be reclaimed by gross funds such as personal pensions.

Individuals are permitted to manage their own investments without authorisation under the Financial Services Act. But if the individual uses a professional adviser, that person needs to be authorised.

Problems arise if individuals want to manage the self-invested personal pension portfolios of family members. SIB is unclear on this point.

Life companies generally play safe by retaining the right to veto the appointment of an investment manager. If an IFA wants to manage the portfolio, the life company wishes to be sure that the IFA is experienced in managing a self-invested portfolio rather than a series of life company funds.

The industry has been slow to design and market self-invested personal pensions. In the first place, the administration procedures are complex and secondly, intermediaries did not actively market the product because effectively it is a one-off operation, with no consequences of generating further contracts.

However, enough life companies are offering self-invested personal pensions to give interested individuals a choice over the type of contracts and the charges attached to them.

Investments which can be made by the individual include:

- Stocks and shares such as equities, gilts and other fixed interest securities, quoted on the UK stock market
- USM securities.
- Securities traded on recognised overseas stock markets
- Unit and investment trusts
- Life company unit-linked funds
- Deposit accounts
- Commercial property

On this last permitted investment, a self-invested personal pension offers investors, especially the self-employed, the opportunity to buy property which can then be leased to a business or partnership connected with the investor, subject to the lease and the rent being on commercial terms.

If a partnership moves, the new building can be bought as an asset of the pension contract from contributions of one or more partners – that is coming effectively from the gross income of the partnership – and then leased to the business, with the pension fund able to reclaim the tax while the rent paid by the partnership is allowable as a business expense.

However, any such property must be bought on the open market – so it is not possible to transfer property already owned by the business into his personal pension contract.

Care will be needed when the individual is nearing the time to take the pension benefits and the property has somehow to be converted into cash.

There are a few categories of assets not permitted as investments in a self-invested personal pension – the main ones are residential property, works of art and chattels (loans to the individual are not permitted even for business purposes).

There are three basic formats on the market for self-invested pensions. The first is an execution-only plus basic administration contract. This is suitable for a portfolio of quoted securities but unsuitable for investing in property.

The second type is a full self-invested contract but providing the full range of services including handling property and other types of investment.

The third type is a hybrid contract with a minimum insured element, that is a normal personal pension with a life company, with a self-invested contract on top, plus full administration.

This hybrid arrangement is intended to ensure that the individual has a safety net of benefit through the normal personal pension should the self-investment turn sour. It also enables intermediaries to collect their commission making it attractive to market.

The hybrid allows employees changing jobs to self-invest their transfer money into a protected rights contract, with the insured element providing the required guarantees.

The minimum contributions required to set up a self-invested personal pension are high – £10,000 appears to be the lowest contribution that certain life companies will accept. So such schemes are only available for higher net worth individuals.

Charges on self-invested personal pensions are levied on a money basis, rather than as a percentage of the contributions or fund. These can vary from £500-£1,500 (plus VAT) to set up the plan and £300-£500 (plus VAT) annual fee thereafter. In addition, there are usually transaction charges. With a hybrid, the usual charges apply to the insured element. Of course, the individual may have to pay an adviser's charges on top.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Alumasc	Misc	18,000	73	1*
Betterware	Stor	437,500	700	2
Blenheim	Med	10,443	50	1
Delta	Elts	5,500	21	1
Dixons Group	Stor	40,800	96	1*
General Accident	InsC	16,118	88	1*
Kleinwort Benson	Merc	4,523	13	1
Marks & Spencer	Stor	50,000	163	1
Sainsbury (J)	FdRe	16,339	79	1*
St Ives	Pack	6,000	17	1
Staveley Ind	Othl	251,996	512	4*
VSEL Consortium	EngG	4,500	22	1
Warburg (SG)	Merc	80,000	369	1
PURCHASES				
ASDA Property	Prop	275,000	110	1
Betterware	Stor	947,500	1,516	2
City Site Estates	Prop	500,000	60	1
Densitron	Elns	325,000	61	1
Downiebrae	Metl	60,000	15	1
Expedier	H&L	5,000,000	25	1
Hall Engineering	EngG	50,000	50	1
Invesco MIM	OthF	20,000	18	1
Jupiter Tyndall Grp	OthF	12,000	14	1
Menzies (John)	Stor	5,486	22	1
Mercury Asset Mgmt	OthF	115,838	357	3
United Uniforms	Text	680,000	476	4
Waterman Ptnrship	Misc	290,000	35	6
Wholesale Fittings	Elts	15,000	24	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 9-13 November 1992.

Source: Directus Ltd, Edinburgh

DEALING by directors remains at a relatively low ebb, but we are starting to see a pick-up in option-related activity which indicates that normal trading conditions are about to be restored.

Marks and Spencer is very much the giant in the stores sector. The recent interim results further enhanced its reputation but Simon Sacher has sold 50,000 shares at 326p, still near their 1992 high of 346p.

The sales in Betterware should be taken in context with purchases made by other directors at the same time. Managing director Andrew Cohen disposed of 372,500 shares but Robert Thornton acquired 937,500. Since Cohen continues to hold almost 60m jointly, this sale is relatively insignificant. Betterware has proved one of the success stories of the '90s so far, and recent interim results were again much better than analysts' expectation.

Louis Goodman, managing director of City Site Estates has proved a keen supporter of his own shares. The latest purchases were made at 12p, since when the shares have bounced quite sharply.

Angus MacDonald, Directus Ltd

An ethical question

***Scheherazade Daneshkhu** asks if ethical funds are a good thing*

ETHICAL and environmental funds, which restrict their investments to companies that meet their strict criteria, are growing steadily although they remain a "niche" market. Most are unit trusts but there are also ethical investment trusts, insurance and pension funds.

The amount invested in ethical and environmental funds has been rising – reaching £321.1m in July from £273.9m a year earlier – according to figures from the Ethical Investment Research Service (Eiris), which researches companies to see if they meet the criteria. By contrast, the amount invested in unit trusts in general grew by only 3 per cent over the same period.

Increased demand for ethical funds has prompted one banking group, Mercury Provident, to launch two occupational pension schemes aimed at the ethical market, and it will be introducing an ethical private pension scheme in the new year. Mercury Provident's Christian Nunhofer said the schemes were launched because of the many enquiries made by depositors.

The cash holdings of the pension funds – amounting to about 10 per cent of the total – will be held by Mercury Provident, which lends to projects involved in ethical or environmental issues. Borrowers include charities, businesses run for the benefit of the community, and environmental projects such as organic agriculture or re-usable energy schemes.

Sun Life this month launched an ecological fund within its Luxembourg-based Global Portfolio range, but with an eye to attracting funds from Germany rather than the UK.

Ian Sampson, managing director of Sun Life portfolio counselling services, said it was an international portfolio of companies which would allow investors to satisfy their consciences without damaging their wealth. He added, however, that while the British regarded environmental funds as a good thing, Germans were more likely to provide the funds.

One concern for interested investors is the performance of ethical and environmental funds. Buckmaster, a subsidiary of Credit Suisse Asset Management, has turned in a consistently poor performance from its Fellowship trust.

Recently it widened its ethical criteria to try to improve performance. A spokesman said: "We had excluded Sainsbury and Tesco because they sold alcohol. We now say that if alcohol forms only a small proportion of total sales, the company can qualify."

The fund had been restricted to 35 per cent of the companies in the FT-SE 100 index, but now it can invest in about 60 per cent of them.

The table shows the performance of ethical and environmental funds to November 1. Most have been launched only within the past three years, which makes a judgment about long-term performance impossible (although the largest ethical fund, Friends Provident's Stewardship, launched in 1984 is also the oldest).

Of the eight funds listed in the UK Growth sector, half matched or outperformed the average UK Growth unit trust in the year to November 1 and more than half did better than the average in the two, three and five years to November 1.

Results are more mixed for those in the international growth sector. Half showed better performance than the average international growth unit trust in the year to November 1, but only two of seven funds did so over two years. Three of five beat the average over three years; over five years, performance is polarised starkly between the poor performance of Buckmaster Fellowship and Framlington Health, which came top of its sector and owed much of its success to growth in the US biotechnology sector.

On balance, therefore, ethical and environmental funds have matched or bettered the performance of other unit trusts. It is important for them to maintain this performance edge, as ethical investors are unlikely to accept their investments going down the drain in order to support their ideals.

Another area of concern is the ethical criteria used to select companies. British Telecom has been dropped from the companies in which Friends Provident invests because it supplies equipment to the Royal Air Force, and has other defence links. But NM's Conscience fund is still investing in BT because it has decided the defence supplies account for only a small proportion of the overall business.

Nunhofer added: "We've had objections from vegetarians with our lending to organic farms because the farms have animals on them."

NM met unitholders in its Conscience fund this month and found many were upset about investing in retailers who break Sunday trading laws. A vote ensured that, until the laws are clarified, NM will not disinvest and will lobby retailers instead.

Ethical investors are, therefore, limited to the criteria applied by fund managers (unless they want to build and manage their own portfolio).

About half the collective funds use research provided by Eiris, which categorises stock according to the level of involvement a company has in such areas as alcohol, tobacco, gambling, pollution, oppressive regimes, armaments and animal testing. It also produces *Choosing an Ethical Fund* for independent financial advisers. This analyses the ethical and environmental criteria used by the funds.

Percentage Growth of Ethical and Environmental Unit Trusts

Unit trusts	Fund Size (£m)	1 yr	Rank	2yr	Rank	3yr	Rank	5 yrs	Rank
UK Growth									
Abbey Ethical	11.3	-5.0	70	26.0	32	19.9	25	40.4	25
Allchurches Amity	11.1	-7.4	88	14.1	85	7.0	70		
Eagle Star Environ Opps	7.3	0.2	28	30.0	20	25.7	15		
Friends Prov Steward	103.1	-8.9	88	10.9	97	-1.5	83	15.4	64
NM Conscience	8.2	-5.8	75	23.7	41	7.7	57	40.9	23
Scot Equitable Ethical	8.0	-6.8	102	23.5	42	12.4	49		
Sovereign Ethical	5.7	-15.0	132	7.8	108	2.1	78		
TSB Environ Inv	21.8	-2.8	47	24.7	36	16.5	40		
Average	46.4	-6.2	145	16.8	140	4.5	134	37.9	98
International Growth									
Acorn Ethical	0.8	3.2	27	28.1	71	3.8	37		
Buckmaster Fellowship	3.1	-10.5	146	-0.5	146	-18.9	123	-7.1	109
CIS Environ	6.8	3.2	27	38.2	20				
Clerical Med Evergreen	7.3	-2.0	96	8.7	138				
Framlington Health	7.9	0.4	68	126.4	1	106.6	1	181.2	1
Merlin Jupiter Ecology	8.5	1.5	45	20.0	93	1.3	51		
NPI Global Care	3.3	-1.8	91						
Target Global Opps	4.7	-0.1	85	23.6	88	-4.7	74		
Average	32.8	-0.9	157	25.4	150	-0.2	134	42.2	110

Source: Finstat, figures to November 1 1992, offer-to-bid, income re-invested

FINANCE AND THE FAMILY

How to stay abreast of school fees

*As base rates fall, **John Authers** suggests ways to adjust planning*

FALLING base rates are making it harder to save for school fees. This area of financial planning has always been more risk-averse than others – parents want to make sure that they can at least afford to pay the fees when their children go to school, and do not mind going without any up-side beyond that. That usually means investment products based on deposits or fixed-interest securities.

But recent changes in rates make this harder to sustain. As Martin Jones, of accountant Coopers & Lybrand, puts it: "It's time to reassess investment policy. Basically, we've just followed base rates down from 15 per cent. I'm beginning to wonder how much longer this will go on."

That means a slight shift from fixed interest and traditional school fees' planning products to equity investments – particularly, unit and investment trust personal equity plans (Peps) which are tax-efficient and allow diversification of risk.

Planning for education costs remains a cautious business, so deposits cannot be banished altogether. Anthony Murrell, of school fee adviser Fraser Marr, said his company's philosophy had not altered, but added: "Where our view has changed is that we might now be closer to Peps than ever before for 40 per cent taxpayers. I, personally, am not that keen on locking into fixed interest rates at this low level."

The two crucial variables in choosing a plan are the time you must wait before your child starts at school, and your household's tax position. If you have time on your side, and a large tax bill, you can afford to make moves which would be too risky for someone whose children are about to go to school.

So what products now make most sense?

■ **Tessas**

These tax-exempt special saver accounts are free of tax and usually still offer a better return than the top gross rates available. The maximum amount which can be invested in the first year is £3,000 a person, falling to £1,800 in the second year. But Tessas must be held for five years to maintain their tax advantages, so they are less useful for people whose children are about to go to school.

■ **High interest deposit accounts**

When one parent does not pay income tax, it is still worth using up their personal allowance in a high interest deposit account. This pays interest gross, which will continue to keep you respectably ahead of inflation. It also makes sense to transfer assets if one parent pays top rate (40 per cent) tax and the other pays basic rate. Murrell suggests this as the limit of adventure for those whose child starts school within three or four years – equity-derived products are too risky over this time scale.

■ **Capital gains tax (CGT)**

It is good to use up the annual CGT allowance of £5,800. This can be done using the zero-dividend preference shares of investment trusts, which deliver a fixed level of interest taxed as gain rather than income. They are offering growth of around 9.5 per cent a year, which is tax-free for anyone who does not pay CGT. Richard Boyton, of Boyton Financial Services, believes these can form the basis of a school fees plan, and offer secure growth.

■ **Peps**

Higher-rate taxpayers might now move on to Peps, which invest in equities, and can accumulate free of both income tax and CGT. But the charges associated with the plans mean that the tax advantages have a chance to become significant only after several years.

■ **Educational trust schemes**

For 40 per cent taxpayers who have used up both their personal income tax allowances, and their annual CGT allowance, Murrell suggests educational trust schemes. These allow funds for children to be invested in a tax-free environment, provided they are used for educational fees.

Educational trusts work typically by taking a large lump sum and buying annuities with it. They then pay out income three times a year while the child is at school to meet the fees.

But these products have been damaged by base rate cuts, as they are invested wholly in short and medium term gilts (UK government bonds), on which the yields tend to be very sensitive to base rates.

Annuity rates cannot be renegotiated once they have been bought, so people investing in such a scheme now will effectively lock themselves into historically low interest rates.

One scheme on the market does offer some improvement on this, though. Ecclesiastical Insurance's school fees capital plan is available until November 30, and is funded using annuities which were bought while base rates were still at 9 per cent.

The rates involved are guaranteed, but unspectacular. As is usual, you get a better deal if you plan further ahead.

For an investment of £10,000, Ecclesiastical will pay £1,237 a term for nine terms starting in September 1993 – which means you will get only £11,113 from your initial investment of £10,000. But if your child does not start at school until September 1996, and then stays for 21 terms, Ecclesiastical will pay £759 a term – a total of £15,939.

Many advisers also recommend with-profits endowments for parents who are able to plan a long way ahead. They are less volatile than Peps but they are inflexible and provide poor value if cashed-in early. Also, they are loaded heavily with commission and are less tax-efficient.

Grounds for concern . . . parents must now re-assess the way they fund their children's education

Diary of a Private Investor

Better a spender than a saver be

IT DOES not seem all that long ago that Britons were being criticised by the government for not saving enough. Now, it would appear they are at fault for not spending enough. Chancellor Norman Lamont's autumn statement, which was really a mini-Budget, was designed partly to give people confidence enough to spend. But will they?

Abolishing the special car tax should reduce the average price of a new car by around 4 per cent. But cars are still overpriced compared with, say, the US where I could buy a beautiful, luxurious Lincoln Continental, complete with air-conditioning, for less than the cost of a rather ordinary car sold in Britain. People with money to spend still feel they are being ripped off, and the product range available in the UK *is* rather limited.

As a private investor, I shall be keeping a close watch on companies which may suffer (or benefit) from the chancellor's actions in 1993. But he is unlikely to want to increase tax on too many items for fear of producing increases in the retail prices index, which would have a big impact on his wish to keep pay claims low and inflation under control.

The chancellor's injection of £750m, to be used before the end of the financial year to help remove "the overhang of empty properties in the owner occupied sector," is unlikely to halt the fall in house prices. This sum is equivalent only to 20,000 homes at £37,500 each – not much help to the middle and upper end of the market, where prices are likely to remain depressed due to record levels of unemployment in the managerial sector and continuing problems for many Lloyd's underwriters.

Housing Corporation and other public spending on existing homes could even, in some areas, reduce the demand from the private sector. After all, a housing estate or apartment block loses its attractions to many private buyers if they think their neighbours might be council tenants.

If interest rates were to fall further, say to 3 or 4 per cent, perhaps the chancellor could announce in his next Budget a phased ending of mortgage interest tax relief. This could be spread over 10 years and would help to balance the government's books.

It is also worth pointing out that, quite often, one person's pain is another person's pleasure (and vice versa). Rather like cars, house prices in the UK remain at rather high levels compared with those in many other countries.

While people with hefty mortgages and "negative value" homes obviously will resent further falls in the value of their properties, the situation would be very helpful for first-time buyers.

A further cut in interest rates is expected widely. Again, this is double-edged. People with mortgages and other borrowings welcome such cuts but savers – particularly those who depend for part of their income on interest payments – find it painful. Savers have less to spend, and many borrowers use an interest rate reduction not to increase their spending but to reduce further their debts.

Thus, I shall continue to avoid investing in stores groups, as I cannot envisage much increase in people's spending. I will also keep an eye on items which might attract new taxes next year and I am reconsidering my investment in premium bonds. From March 1, the prize fund is being reduced from 6.5 to 5 per cent, thus increasing the odds of any £1 bond unit winning a prize in each draw from 11,000-1 to 15,000-1.

Increasing the minimum purchase of bonds for children from £10 to £100 from February 1 seems particularly mean. I thought the government needed to borrow as much as possible from the British public – including children's pocket money – in order to afford all its spending plans and its vast armies of civil servants.

The chancellor also announced the establishment of a "new panel of independent forecasters" to be in operation in time for next year's Budget. As my youngest daughter (now eight) and I have predicted economic events consistently with more accuracy than the Treasury, we await eagerly our summons to 11 Downing Street. We can then also tell the chancellor what he can do with premium bonds . . .

Kevin Goldstein-Jackson

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

So who gets the house?

MY WIFE and I own our house jointly and we should like to arrange our affairs so that, if she dies before me, she could leave her half to our children. It appears to be easy to do this in England by substituting a tenancy in common for a joint tenancy. But what about Scotland?

■ The Scottish legal system does not recognise the concepts of a tenancy in common or joint tenancies. But it is possible to incorporate a survivorship destination in the disposition (ie, deed) of the property.

If the disposition says it is in favour of you both equally, and to the survivor, then the half share of the person who dies first goes automatically to the surviving spouse.

If however, the disposition is to you both without any reference to survivorship, then either is entitled to leave their half share to whoever they wish.

If there is no reference to survivorship, then you both are entitled to leave your half share to whoever you wish by drawing up individual wills.

If you find there is a survivorship destination, this can be evacuated if it is the wish of both parties. You should consult a solicitor in that regard.

Refund on a Tessa

I AM unemployed and have a Tessa which I propose cashing in to supplement funds and which will, therefore, earn net interest only from inception. As my earnings last tax year (and most likely this as well) fall short of my individual tax allowance, will I be able to obtain a refund from the Revenue after April 5 which will effectively restore the status quo and give me gross interest, even though I am only two years into the contract?

■ If your total income for 1992-93 is below the tax limit, the tax on your Tessa interest will be refunded. Ask your tax office for the free pamphlets IR41 (Income Tax and the Unemployed), IR111 (How to Claim a Repayment of Tax on Bank and Building Society Interest), and IR114 (Tessa – Tax-free Interest for Taxpayers).

Write to your MP

OVER THE past four/five years, I have paid about £500 in extra accountants' fees due entirely to repeated errors by the Inland Revenue. I wrote to them recently requesting compensation and was informed that my request did not fall within their "statement of practice." But the errors and consequent expenses are continuing. Is there anything further I can do?

■ If you ask your tax office, or your accountants, for a copy of the Taxpayer's Charter (2nd version, August 1991) you will see that your next move – under the heading "If you are not satisfied" – is to write to your MP and ask him or her to refer your complaint of maladministration to the parliamentary commissioner (the ombudsman).

Caught in the net

RECENTLY, I bought some Bradford & Bingley PIBS (Permanent Interest-Bearing Shares) halfway through the dividend period. I paid my broker for these and for the gross interest accrued from the previous dividend date.

When I receive my dividend in three months' time, it will be paid net. How do I recover the tax deducted for the period when I was not the holder of the shares? And how is the tax on the interest adjusted?

■ It all depends on what you mean by "some." If this indicates an amount less than £5,000.01, then the answer hinges on whether, on at least one day in 1991-92 or 1992-93, your total nominal holdings of securities covered by the accrued income scheme (AIS) amounted to at least £5,000.01 (using the London closing rate of exchange for each day to translate nominal amounts expressed in a foreign currency.) The AIS is outlined in a free pamphlet, IR68 (Accrued Income Scheme: Taxing Securities on Transfer), which is obtainable from your tax office.

But if "some" means an amount less than £5,000.01, and you do not meet the overall £5,000.01 test at any time between April 6 1991 and April 5 1993 (inclusive), then you are not entitled to the benefit of the AIS.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	7.90%	Yly
Northern Rock BS	Go Direct	0500 505000	Instant	£2,000	9.50*	Yly
				£10,000	9.75*	Yly
				£20,000	10.00*	Yly
Scarborough BS	Scarbgh Ninety 2	0723 368155	90 Day	£500	8.25%	Yly
Cheshire BS	Premium 100	0800 243 276	100 Day	£50,000	10.50*	Yly
Manchester BS	3 year Income	061 834 9485	3 Year	£10,000	9.57%	Mly
TESSAs (Tax Free)						
Dudley BS		0384 231414	5 Year	£10	10.00%	Yly
National Counties BS		0372 742211	5 Year	£3,000	9.60%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	9.50%	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	6.50%	Yly
American Express	High Perform C/A	0444 230230	Instant	£5,000	6.75%	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	7.60#	Yly
				£25,000	8.10#	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Yly
Yorkshire Guernsey	Key 90	0481 719898	90 Day	£10,000	8.40%	Yly
Yorkshire Guernsey	Key Extra	0481 719898	180 Day	£25,000	9.40%	Yly
Yorkshire Guernsey	Key Term Share	0481 719898	31.8.93	£50,000	10.10%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
Prosperity FN		0800 521546	2 Year	£25,000	5.55%	Yly
Liberty Life FN		081 440 8210	3 Year	£50,000	6.40%	Yly
Co-op Bank Fin Adv FN		061 829 5582	4 Year	£2,000	6.30%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	6.55%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
(6.25% wef 28.11.92)	Investment A/C		1 Month	£5	7.25%	Yly
(7.00% wef 26.12.92)	Income Bonds		3 Month	£2,000	8.00%	Mly
(on sale from 7.12.92)	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
(on sale from 7.12.92)	40th Issue		5 Year	£100	5.75%F	OM
(on sale from 7.12.92)	6th Index Linked		5 Year	£100	3.25% + Infln	OM
(on sale from 7.12.92)	Childrens Bond E		5 Year	£25	7.85%F	OM

6 This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond. #= Rate guaranteed to 12.2.93. * = Rate fixed until 1.1.93.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

THE YEAR 1992 has been a bad one for many small businesses. But for David and Noreen Kiss who run The Rocking Horse Workshop from a Victorian farmhouse near the small town of Wem in rural Shropshire it has been little short of disastrous.

As Christmas approaches there will be ample presents for the couple's three young sons. But just as those will be bought with borrowed money, so the Kisses are increasingly wondering whether they are running their business on borrowed time. Something drastic has to be done if they are to rescue their business from the ravages of recession.

"When we moved here from Kent and set up the business five years ago we didn't expect to make much of a profit for the first two or three years. We bought this house and 12 acres plus the large outbuildings for £90,000 and had ample loans from the bank to tide us over," said David, 38 and worked in the motor trade before the move to Wem.

"By 1990 however we were turning over £31,000 and were poised to go into profit. We had taken on our first employee – although only on a casual basis – and people were beginning to discover us in our rather remote rural surroundings and bring us work."

Then came the disaster of 1991.

"I daren't think what sort of a loss we made. I'll know when we pay the accountant," Kiss said.

The order book for the 15 styles of traditional wooden rocking horse made by the Kisses just dried up. Restoration work – usually a good fallback – also took a nose dive.

Fortunately Paul Hamblet, the jack-of-all-trades employee, was able to turn his hand to agricultural work when not working for the Kisses.

The only thing that kept them afloat last year was the nursery school they had opened in late 1990 at the end of the long brick built building at the rear of their house that also houses the rocking horse business.

"We were lucky," said Noreen. "The word had got around, and we *managed to fill all 20 places quite* fast. But even then by the time we had paid the full-time qualified supervisor our turnover in 1991 of £24,500 still registered a loss of £4,000." To meet all the health and safety requirements the Kisses had been obliged to find £15,000 to convert the end of the building into the school. They did this by extending their mortgage a second time to a total of £130,000.

In spite of selling five acres for £13,000 last year they are still running an overdraft and struggling to keep up with their mortgage payments.

Stable of thoroughbreds: David and Noreen Kiss with a selection from their range of upmarket rocking horses — Colin Beere

Rocked by the recession

***Clive Fewins** on a couple fighting through bad times with a heavy load of debt*

"The beginning of 1992 was more promising, with a lot of restoration work," David said. "But by midsummer I had nothing to do that would earn me money. In a deep recession people tend leave the old family rocking horse that they have intended to have re- stored in the roof until times get better." With *Christmas fast approaching there* has been a definite upturn.

David has been able to get back to hand carving of some of the top range English oak rocking horses that sell at £2,225 and upwards. Paul has been rehired and Noreen has got back to paining the horses, as well as overseeing the nursery.

However with the bank continually asking awkward questions the Kisses reckon business will have to remain at the present level continuously for at least two years if their enterprise is to survive.

All this is set against the background of a splendid range of products that includes some cheaper wooden rocking horses named after the three Kiss boys and priced £500-£900, and a high degree of skill and determination.

David is an excellent carftsman. His designer wife takes a pattern off every historic rocking horse that comes into the workshop. They now *have 29 patterns that they could* make, in addition to their standard range.

They do nearly all the work in-house to save money, and this includes some quite advanced leatherwork for the high quality bridles and tack. They also trade in and restore period toys and take individual commissions for wooden toys. They have a first class workshop, an excellently presented showroom, and literature to match.

All the qualities of a successful business are there. But in a recession as deep as the present one it seems these are just not enough.

"It's hard to see where we've gone wrong," David said. "Why blame the bank for lending us money freely when we asked for it in the first place? But I really do think they let us have a large overdraft too easily.

"We spent too freely – particularly on restoring the property – as *the money was there and we* allowed ourselves to be sidetracked into doing that rather than concentrating on getting the business established.

"However there was a lot to do, and five years ago we were both energetic 33 year-olds, with two young sons and another on the way.

"I have to admit that I am better at creating things than running a business." The property is currently on the market at £200,000, together with the nursery school, which is for sale as a going concern. The Kisses are hoping they will be able to stay, but if a suitable buyer is found they have alternative smaller premises in mind in a neighbouring village. There they would aim to concentrate on their first love – the rocking horses.

Noreen said: "Something has got to happen. We are at the stage where the bank could foreclose at any moment. It's not a nice *thought, with Christmas just round* the corner and all those lovely unfinished wooden beasts with their flowing manes and rolling eyes waiting to be completed in order to bring happiness to children.

"Like David, I'd love the opportunity to create a dozen horses from scratch between now and Christmas. I'd welcome the pressure and we'd work round the clock to finish them."

■ *The Rocking Horse Workshop, Ashfield House, The Foxholes, Wem, Shropshire SY4 5UJ. Tel. 0939-232335.*

As they say in Europe

Women and sin

I HAD thought the British fuss over supplying arms-making equipment to a valued customer like Iraq would have hit the European headlines. But it did not; instead, it was women priests who created the real stir. There was front-page comment right across Catholic Europe, not only in Rome and Madrid but also Brussels, Paris and Vienna. But not Munich. The Protestants, meanwhile, found women priests a bit of a bore – except, for some reason, in Geneva.

I had always thought the Church of England occupied such an odd position in the spectrum of European religious observance that it would be too esoteric an institution to interest foreigners. It is, after all, only one of the many strands in the fabric of Anglo-Saxon devotion.

General de Gaulle observed (presumably after a particularly bruising Sunday dinner in wartime London) that *"les Anglais ont beaucoup de rêligions mais seulement une sauce."* [The English have many religions but only one sauce]. But, the Church of England possesses considerable charms for continental newspapers. Not only is it a part of the always newsy aspects of English quirkiness, it also represents a sort of unleaded Catholicism which such sophisticated liberals prefer.

Thus, *El Pais* devoted two pages to the story and there were days of comment in Italy. The Spanish paper managed to start a useful row in domestic religious circles: it quoted the secretary of the Episcopal Commission for Interconfessional Relations, Julian Garcia Hernando, as saying that the incorporation of women as priests "is an open question since, from the doctrinal point of view, there is no dogmatic definition." But he added that the step should not have been taken in isolation.

The article continued much to my *surprise: "Theologians and Chris*tian communities have expressed satisfaction at the Anglican position and have seen it as proof of its sensitivity to secular society."

This went to the heart of the matter. What are Catholics coming to if they can talk about "sensitivity to secular society?" Fortunately, the auxiliary bishop of Madrid, Javier Martinez, was there to underline why the the Reformation had been such a ghastly mistake: "It is a tendency of the great Protestant churches to dissolve themselves into the dominant culture."

The other religious story was the publication of the new catechism, the Church's list of dos and, more importantly, don'ts. The press revelled in the new areas of sin. The latest additions seem to reflect the increasing weight of Latin Americans among the faithful. It is now possible to indulge that old Brazilian pastime of escaping the clutches of the taxman by driving blind drunk through the rain forest and commit three sins at once.

Traditionalists who were disappointed by the pardoning of Galileo for his subversive notions regarding the motion of the planets will be reassured by the inflexibility of this first catechism in four centuries. The Archbishop of Tours, Mgr Jean Honoré wrote in *La Croix*, this latest edition "which hopes to be a clear affirmation of faith" also risked "accentuating a sort of rupture with the modern world."

Thus masturbation continues to be right up there with mass-murder as a bad thing and delights those reporters whose job it is to summarise catechisms. *Libération* even managed to produce a comparative analysis of policy on such sins today and yesterday, creating what is known in the trade as a "box" devoted solely to prostitution, sodomy, lasciviousness, and impure thoughts as well as what is also known as "solitary vice," at least until Madonna came along.

But there was one voice that objected to the levity that the subject of religion seems to inspire in certain quarters. Writing under the one-word headline "Priestesses" in *Die Presse* of Vienna, Thomas Chorherr castigated the "scurrility" of certain kinds of religious reporting which at best sees a church as a cultural monument. "Only Christendom enjoys religious voyeurism. Perhaps because there there is so much transparency. Sometimes it emerges as exhibitionism."

Most people know the old Jewish story of what happened when the Rabbi was asked why Jews always answered a question with a question. He said, "And why shouldn't a Jew answer a question with a question?" Now as it happens the Cardinal-Archbishop of Paris, Mgr Jean-Marie Lustiger, born a Jew, was asked why it was that the new catechism appeared first in French. "Would you rather it had been in English?" he replied.

James Morgan

■ *James Morgan is diplomatic correspondent of BBC World Service.*

Computing

The facts about databases

***David Carter** on how to pick from a bewildering range of software*

SELECTING a database programme can be confusing. The two other common software packages – word processing and spreadsheet – are well charted territory, but databases are tricky. There are "flat file" and "relational" databases, menu-driven and programmable databases, specialised databases for *text retrieval and for* personal information management.

In its original meaning, a database is simply a mass of data. You might talk of a database of names and addresses, or a database of membership records. Different types of database demand different types of database package. At the simplest level, a list of client names and addresses can be handled by a single file (or "flat file") database. At the other extreme the package might need to be "relational", that is, able to accommodate several related files which pass information between (update) one another. For example, a sales order database will generate a sales invoice which in turn updates the sales ledger file, the nominal ledger file, and the stock file.

To write complex business packages such as sales order processing, developers use "database development packages" such as *dBase IV, Foxpro, Clipper, DataEase, Paradox* and *R:Base 3.1*. These are called "programmable" databases because they use programme-like instructions. Complex applications demand the flexibility of a programmable database. These top of the range packages cost £500 plus and their power and sophistication really make them suitable only for professionals.

For non-technical users who want to perform simpler tasks *database packages are avail*able which are entirely "menu-driven". Without having to learn any programming language you can design your own database, enter data, edit it and print out reports. Menu-driven databases are the nearest you or I will get to writing our own computer programs.

Most of the top-range packages use menus for simple tasks. Some come in cut-down versions for the amateur where the underlying programming language has been removed so that they are entirely menu-driven. Examples are *Paradox Special Edition* (£80 from retailers like Dixons or Wildings) or *Personal R:Base* (about £80 by mail order in PC magazines) In terms of price/performance these are probably the best value database packages on the market. However, they were originally designed for the professional and employ a formal, classical approach. This takes some getting used to and *Personal R:Base*, for example, is simply too powerful and complex to be given to the novice. But database users who think they have outgrown their first package and want something more sophisticated will love it.

This leaves packages designed *ab initio* for the amateur rather than cut-down versions of professional packages. Examples are *Q & A, Reflex, Masterfile, Cardbox Plus, Professional File, Rapidfile*. Which do you choose? There is one fundamental question – is your database primarily made up of text or numbers? Each requires different functions.

In the case of a text application such as address lists or membership records you need to be able to query the file in order to extract, say, prospective customers who live in Wales and have expressed an interest in antique furniture. The important thing is to be able to search through 5,000 records, retrieve the half-dozen that meet your criteria, then print them out in a list. Maintaining contact name and addresses is the most common application for a database. Every package on the market can do this, and do not forget the databases within integrated packages such as *Microsoft Works, Smartware, Eight-in-One Gold, PFS First Choice*. They are more than adequate and have the added advantage that they are designed to work *with the integrated word pro*cessor to produce mailshots.

These are textual databases. The other type is a numeric database, for example, a database of sales invoices. In this case you are not interested in retrieving individual sales invoices but in *data analysis and reporting* analysing which products have been sold to which customers by which salesmen, producing summary reports and identifying trends. Here you must be careful.

All databases can handle text applications; few can handle numeric. For data analysis the key requirement is "cross-tab reporting" which enables you to summarise data in different ways rather than simply listing individual records within the database. A database package without cross-tab reporting is useless for analysis of numeric data.

Few packages excel in data analysis and reporting, but one that does is *Borland's Reflex* which is a easy to use and can be recommended even to beginners.

The Pequot tribe turns the tables

■ From page I

senior staff, who were persuaded to come out to Connecticut, are making a new life, which explains perhaps why Foxwoods seems so country fresh – "gaming in its natural state", is its motto.

How much money Foxwoods is making is a secret. The original estimate for the first year was high, a 20 per cent "hold" (money won) on a "drop" (money gambled) of $500m. Results to date suggest the latter figure was too low. The drop is likely to be around $1bn in the first year. If so, the Pequots can look forward to a net profit this year, after running expenses ($350,000 a day), approaching $100m.

So what will a tribe of 250 Indians do with such a huge sum? The Pequots have no doubt. Not for them the extravagances of the consumer society. The score or so houses on the reservation, dotted round the hill behind the casino, are simple two or three-bedroom structures, the cars on the driveways family saloons. A community centre is being built, tennis courts are being asphalted. There are child and medical care and scholarships. The aim of the Pequots is first and foremost to replant themselves on their land. There are possibly another couple of hundred tribal members scattered around the country, if they can be traced and persuaded to come home.

The casino is the means to continuing economic self-sufficiency. But Hayward has a more ambitious aim. A Native American Museum is planned, at a cost of $65m, to promote Indian studies and research. It will also be a popular attraction. The Pequot land is to become a focus for Indian life and culture.

Work has started on a $142m entertainment complex, including a second casino. (If Connecticut ever approves slot machines, which the US public finds irresistible, Foxwoods' turnover will double, or even treble.) The expansion includes a 300-room hotel, three theatres and a performance centre, a shopping concourse and a huge underground car park. All this will be completed by the summer of 1993.

A second phase of expansion will include still more gaming space, a convention centre and another hotel off the reservation. Employment at the casino will rise to over 5,000. "We are trying to create an overall destination resort as part of our economic base," says Hayward.

Hardly surprising that Foxwoods, so unlike Vegas but on a Vegas-type of roll, has attracted the notice of other casino operators. Steve Wynn, president of Mirage Resorts in Las Vegas, has been eyeing the prospects of opening a casino in downtown Hartford. Other Indians may try their luck. The attractions of the area, drawing on a regional population of some 25m, are obvious: the Pequots' intention is to be firmly established before any rivals follow suit.

The Mashantucket Pequots are rebuilding their tribal life with the gambling losses of the descendants of the colonists who dispossessed them. There is a Pequot saying: in everything you do, think of the seventh generation ahead.

Top-class venues on the cheap

Nicholas Lander on how to take advantage of expensive hotels

AT CHRISTMAS large hotels can call on certain built-in advantages to cater for parties – space, extra staff to make you, the customer, feel special and financial resources, evident for example in impressive flower displays, beyond the reach of individual restaurateurs.

In keeping with the straitened circumstances of the 1990s, *Weekend FT* sent Nicholas Lander around the less expensive dining rooms of some of London's top hotels.

Le Meridien, The Terrace Restaurant, Piccadilly, W1V 0BS (Tel: 071-734-8000).
This hotel faces some of the most imposing architecture on Piccadilly, including St James' Church. Such views, however, are not on offer in the Oak Room, the hotel's main dining room – dark wood panelling and chandeliers – but they are freely available in the Terrace on the second floor. The Terrace is all windows and ceiling with hanging plants and can offer welcome sunshine.

Its menu has drawn on the cooking of Jacques Manière for its inspiration. He pioneered the philosophy that French cooking could excel without lashings of butter or cream.

Dishes which are vegetarian are marked with an asterisk. A double asterisk denotes lightly cooked, calorie-controlled dishes. In the former category, a lasagne with spinach pasta, or a Mediterranean sandwich with fetta cheese, are included. In the latter, white tuna on a bed of couscous, and chicken with a spicy Thai sauce. The wine list smacks of a big hotel but the service is attentive and friendly.

There are three pre-Christmas party menus, £20.50, £25 and £28.50.

The Savoy, The Upstairs Bar, WC2. Tel: 071-836 4343.
If your company outing is for no more than four this is the place to go. The Upstairs Bar looks down on the hotel's main entrance which can provide better visual entertainment than television. After the theatre one night we watched as a horde of photographers pursued first Princess Margaret and then, in even greater numbers, the actress Joan Collins.

The Upstairs Bar's specialities are seafood and shellfish – oysters, lobster and king prawns – and caviar should you choose. But the highlight of my last meal, only spoiled by vegetables straight out of first-year catering college, were the soups on offer. Served from tureens, they are sufficient for at least two healthy portions and my barley, potato and clam soup showed just how big hotel kitchens, with their continuous production of all the necessary stocks, can offer dishes no longer to be found in most smaller restaurants.

The bar's other major attraction is a well stocked Cruvinet which dispenses large glasses of 10 well-chosen wines. We drank two glasses of different 1989 Chablis from Durup. Price of lunch and dinner from £25.

The Lanesborough, The Conservatory, 1 Lanesborough Place, SW1. Tel: 071-259-5599.
If you want to explore what was St George's Hospital, and is now the newest London luxury hotel, the Conservatory Restaurant is the place to do it.

To get there you will have to walk through the lobby of the hotel past a dull and misplaced dining room. The conservatory is light, airy and full of greenery. My major reservation about the design is that if your table is close to the piano and the waterfall, conversation can be a little difficult.

The conservatory also seems to excite Paul Gaylor, the Lanesborough's chef, more than the restaurant and the menu would certainly appeal to those who want to leave meat, and in particular turkey, well alone.

There is a strong emphasis on fish – Thai mussels with minted peanut sauce, sea bream with basil and tuna with balsamic vinegar – and a noticeable influence from the East in dishes such as a first course of Cantonese steamed quail and a main course of Chinese-style duckling with cumin noodles. Gaylor has also gone out of his way to excite the taste buds of of vegetarians with specialities from which an oriental black mushroom risotto with coriander was excellent.

Service is formal and efficient and the wine list enterprising with some very good selections from France, Lebanon, Israel, the US and New Zealand.

Pre-Christmas lunch, December 1-24, £21.50, Dinner £27.50.

Hotel Inter-Continental, Hyde Park Corner, W1. Tel: 071-409-3131, Coffee House.
The first American style coffee shop when it opened in the early 1970s. It still has an American bias with a range of big sandwiches, burgers and pasta and an extensive buffet. Lunch £19, dinner £22.50 .

Claridges, The Causerie, Brook Street, W1. Tel: 071-629-8860.
One of this stylish hotel's best kept secrets is the smorgasbord at lunchtime. Priced to include the first drink, from £16 with a Dubonnet to £18.50 with a Manhattan.

The Park Lane Hotel, Brasserie on the Park, London W1. Tel: 071-499-6321.
A bright, airy room that takes full advantage of its position directly opposite Green Park. Here, and in the hotel's more expensive Bracewell's restaurant, it aims to promote the best of British produce. Pre-Christmas lunch £19.75, dinner £23.75.

Hyatt Carlton Tower, The Rib Room, Cadogan Place, SW1. Tel: 071-235-5411.
This used to be the place to eat Scottish beef and although carnivores are not neglected (roast rib of Aberdeen Angus £14.50), the menu now includes a large shellfish and fish section. Pre-Christmas lunch £21, dinner £29.

Grosvenor House, The Pavilion, Park Lane, W1. Tel: 071-499-6363.
Newly refurbished in a light, airy and, for a large hotel, most unpretentious style. The food has an Italian emphasis and the wine list is an international one with unusual, keenly-priced bottles from Long Island, US, and Australia. Pre-Christmas lunch and dinner £19.50.

Inn on the Park, The Lanes, W1. Tel: 071-499-0888.
A windowless room that could be in any international hotel but this restaurant's distinguishing features are very prompt service, an array of different menus from £17 – buffets, specials and an à la carte – and eight different house wines by the glass.

Le Meridien: friendly service in the Terrace restaurant

St Julien roadshow

Jancis Robinson tests her palate and her stamina on 100 clarets

HOW many times have you heard it said that there is a world glut of fine wine? Forth Worth's Marvin C Overton III MD, and his ilk, have a solution.

The problem is, you see, that we are all just too slow on the draw; our corkscrews spend too long in the holster. If only we would loosen up, get popping and match Overton's opening rate of nearly 20 bottles an hour, the planet's fine wine backlog could be cleared within months.

I could not believe the program he faxed me of a tasting I co-hosted at the Four Seasons restaurant in New York last May. We were to begin at 9.30 am, apparently with "Lillet over ice with a slice of orange", a glass of vermouth being just what you feel like after breakfast, especially with a total of 87 clarets in prospect.

Between 10 am and an early lunch we were to taste 24 vintages of Ch Gloria plus 19 of Ch St Pierre. After lunch corks were pulled on no fewer than 40 vintages of Ch Ducru-Beaucaillou, three of them from the last century.

In the months before the event I had protested vigorously, twice, at this unseemly massacre. Do we really have to taste every vintage of the 1970s and 1980s, I bleated from my fax machine. Overton insisted: "The poor vintages are now not likely to show that well and are simply there for completeness to accentuate the true beauty of the better years. Don't be concerned. I've done this on any number of occasions and have it down pat."

And he did. By 12.15 pm we had raced through 43 red bordeaux – most of us having given the Lillet a miss, however much it may assist the fortunes of the Borie family of Ducru-Beaucaillou. At lunch a mere four wines were on offer with the consomme and wild mushroom risotto. The visiting Bordeaux château owners were somewhat mystified by this flesh-free midday snack, one of them dismissing the risotto as "porridge".)

This gaggle of proprietors had one more thing in common: their properties are all in the same Bordeaux parish of which Dr Overton is a devotee. As he put to the assembled wine collectors and writers: "We're not here to critique the wines, we're here to celebrate God's glorious place, St Julien".

Overton is unmistakeably Texan, not just for his bowlegged drawl but for his height, his apple cheeks, his resolute beam and his extraordinary taste in suits. I have to say that I found his jacket, sculpted by a famous Italian tailor from finest pinstripe to Dr Overton's own design incorporating a pointed cowboy yoke, almost as riveting as the Ducru 1867.

But perhaps what most distinguishes him as a Lone Star statesman is the sheer scale of his ambition. All those bottles emptied, followed by a 15-wine dinner that night illuminated, naturally, by his 20-minute home movie about St Julien – "and don't none of you laugh at ma French accent" – and this was just the start of his five-city, 10-château tour of the US putting God's glorious place on the American wine collectors' map.

He is quite right to bring to their often blinkered view the fact that there is life beyond the first growths (St Julien has no first growth but is stuffed with exceptionally good seconds and others), but who else could have imagined that they would be happy to board a 9 am plane to Chicago the next day with 102 wines still sloshing around the bloodstream?

Overton, a neurological surgeon, clearly has heartening faith in the human body's ability to withstand the ravages of alcohol. "I find I have to let it all wash down mah throat. But it's just a liddle pour, it doesn't affect me," he confided, just before trying to wind up the event 13 vintages too early.

I spent the afternoon, doggedly trying to spit and write notes, flanked by the non-spitting Overton and the non-note-taking Jean-Eugène Borie whose grin became increasingly bemused.

"I never had such a tasting. Marvin is always so active," beamed the proprietor of Ch Ducru-Beaucaillou. "At the château we have four bottles or so of the very old vintages, but none of this marvellous 1924. I'm going to try and buy some." As we tasted his surprisingly delightful 1969 he looked at it dolefully. "I never taste the 1969. I thought it wasn't very interesting to keep it."

The wines had come from a variety of sources – Overton's own cellar and those of fellow American collectors in particular – although importers helped with newer vintages and the Ducru 1929 had been air freighted in from a London trader only that morning.

Overton, who loves organising these tasting marathons, is not only long on wine, but long on wine homilies, as in, "Ah always say that for the first 10 years of its life you have to work at a wine. For the second 10 years you marvel at it, and for the third 10 years you just let it float over you like yer ol' flannel jammies."

All over New York that week I kept bumping into wine folk asking "Why is he doing it?" I suppose it might have been to hear someone like Jean-Eugène Borie stand up after dinner at the Four Seasons and say: "Marvin, you are very, very fantastic." But I think it was probably just ol' Marv doing his bit to deplete stocks, fast.

■ *Best buy: St Pierre 1986 at £120 a dozen, plus VAT, from Bibendum, 071-722-5577.*

A personal food service in Aladdin's cave

MACKINTOSH of Marlborough, Wilts, does not sell Christmas hampers. It is not that Nigel Mackintosh is against the giving of food and drink as presents. Far from it. But he believes in the personalised rather than the pre-packaged approach.

"Why don't you," he suggests, "look round our shop, choose what you know the recipient will like, then nip next door (next door, very conveniently, is a kitchenware shop), buy a basket and we can pack it for you."

Alternatively you could buy a board or platter and load it with some of Mackintosh's fine cheeses. "Or," adds Georgina, the catering half of the husband and wife partnership, "you might like to buy a lasagne, pie or pâté dish to give as a gift and I will cook something in it for you". Thus many a Christmas, house-warming, or birthday present is solved.

Mackintosh is a remarkably small shop, just 300 sq ft, with the same space again in a basement kitchen area. The owners reckon the smallness of the place is a virtue in disguise, enforcing a disciplined selection of stock.

There is no room here for run-of-the-mill products. It does not attempt to compete with supermarkets or to stock lines carried by other shops in the area, but concentrate instead on selling quality foods from small producers, much of it artisan or hand-made, and its own foods cooked on the premises.

It is not a cheap place to shop but it is a miniature Aladdin's cave for the greedy.

Nigel served his apprenticeship with Asda, spent four subsequent years with Justin de Blank and two with Duff & Trotter.

His wife is cordon bleu trained and cooked for directors' lunch parties in London before they married, moved to this west country market town and set up shop six years ago.

Cheese is a major item in the shop. Up to 50 sorts may be on sale, probably half of them British. Nigel loves the seasonality of cheeses and is presently excited by the return of vacherin Mont d'Or after three years unavailability, and the arrival of a torte with basil and pine nuts, "the latest taste sensation in the shop".

Cheese tastings and discussions are encouraged. Labels are intelligently detailed, often specifying the cheesemaker's name.

Here you will find not any old Caerphilly, Cheshire, Lancashire and Double Gloucester but those by the Ducketts, the Appelbys, Mrs Kirkham of Goosnargh and Diana Smart respectively, names as important to lovers of good cheese as the names of chefs to serious eaters at restaurants.

Olives and olive oils are treated to the same devotion as cheese. The charcuterie section is small but well chosen. Alderton ham cooked on the bone (brine-cured Wiltshire style, finished with marmalade) and carved to order is a best seller.

Other provisions come from some of the best names in the food business, British and foreign: classy French soups in glass jars, Baxter's potted shrimps, Cipriani pasta, Millers Damsel biscuits, Ackerman and Valrohna chocolate, Cellier cider from Brittany, Whittard's teas, chestnut honey from Coltibuono, English honey by Vivian, Dorothy Carter jams, panettone by Le Tre Marie, turron Alicante and – fingers crossed – Elvas plums in time for Christmas.

These are the sort of elitist names one would hope and expect to find in the best delicatessens countrywide. Pleasingly, Mackintosh also offers some up and coming "discoveries", thus allowing customers to be ahead of the game. Chutneys and pickles by Hotshop – Tuscan Lemon and Kashmiri Apricot – loganberry vinegar by Womersley Hall, raised pies by Tilbec, House of Edinburgh shortbread, Orkney oatcakes and thick flaky water biscuits, all these may become well-established names in foodie circles before long.

The shop acts as a showcase and marketplace for the produce of local farm kitchens and cottage industries. A culinary snapshot of the region, so to speak. They offer the shopper a rare chance to enjoy a taste of the best of the region.

From Eastbrook Farm, near Swindon, Glos, come free-range eggs, organic bacon and sausages; from Wroughton glorious Guernsey cream and slabs of rich yellow farm butter. There is runny and set honey and honey in the comb from an apiary in Oare; local wild mushroom in oil, pickled walnuts, apple and elderberry fruit cheese and other preserves by Louisa Maskell of Chisbury; organic apple juice from Pewsey; breads from Rushall made with organic stone ground flour; and sponges and fruit cakes baked by two women wisely commissioned when the local Women's Institute market closed.

Then there is the cooking done on the premises, which tends more towards comforting country house classics than haute cuisine. It is essentially good honest home cooking without the chore of having to do it yourself.

There is always a selection of fresh pâtés available, and a variety of sandiches, mini quiches, flapjacks and brown sugar meringues for the lunchtime trade. The freezer usually boasts a range of soups, main courses and puddings.

Pies of the shepherd's variety, vegetarian, steak and kidney, and chicken or game and ham are all popular. These are normally made in foil containers though the kitchen willingly makes them – and other recipes to order – in customer's dishes. A fish pie topped with pastry fish swimming across the lid was carried up from the kitchen to the shop for collection during our interview.

Georgina particularly enjoys catering for shooting lunches, when the menu might include Lancashire hotpot, or Irish or Oxtail stew with dumplings and all the trimmings, followed by apple pie or treacle tart, luncheon cakes and a splendid cheeseboard.

A treasure trove of a delicatessen: Mackintosh of Marlborough

But more than anything else the shop kitchen is kept busy cooking roulades (mostly sweet, some savoury) and tiddlewink size Parmesan shortbreads for nibbling with pre-prandial drinks. Marlborough's appetite for them seems never ending.

■ Mackintosh of Marlborough is at 42a High Street, Marlborough, Wiltshire. Tel: 0672-514069.

SAVOURY PUFF PINWHEELS

(makes 20-24)

Another popular Mackintosh party piece:

1 x 8 oz packet puff pastry; 1 x 50 g tin of anchovies, drained of oil and sliced in half lengthways; 1 large onion, finely chopped, cooked until soft in the anchovy oil, drained and cooled; 4 tablespoons tapenade paste; 2 teaspoons tomato puree; 4 oz grated Cheddar cheese.

Cut the pastry in half and roll out each piece to a 6 x 8 inch oblong. Spread each piece with tapenade, scatter with onion, dot with tomato puree and lay the anchovies on top. Sprinkle evenly with the cheese and add a grinding of pepper.

Roll up each piece of pastry as tightly as possible, rolling from one short end to the other. Wrap in foil and freeze if preparing ahead. Or cut into ¼ inch slices straight away.

To cook, lay the pinwheels on non-stick baking trays, spacing them a little apart, and bake at 400°F (200°C) gas mark 6 for 10-15 minutes until golden and crisp.

Cool on a rack and eat while still warm or within 24 hours or the pastry will spoil.

Philippa Davenport

Cognac at £280 a snort

IT IS not a question of etiquette, it is simply unwise to ask how old the cognac is: you are unlikely to get a straight answer. The simple answer is as old as it was when it went into "glass." That means when it was bottled, or when it was transferred from the cask to the demi-johns which reside in the innermost sanctum of the cognac house known as "Paradis".

According to this simplification of the age issue we have only 10, 20, 30, 50 and 100 year old cognacs corresponding to the length of time they spent in Limousin oak casks.

On the other hand there are vintages in the Charente region – good years and bad for the sharp little white wines which are distilled to make the famous brandy.

A small amount of cognac is sold with a vintage date. This is the "early landed cognac" which used to be a speciality of the British wine trade. In Cognac most spirits are blended to create the house styles of the big names.

The resulting brandies are sold with the vaguest indications of age: VS "very special" or three-star must be three years old; VSOP "very special old pale" four years old; Napoleon, five; and so on. In reality the famous firms market far older brandies within these brackets so that the youngest brandy in a VS will be four years old; the most junior in a VSOP, six; while an XO might contain large amounts of brandy more than 25 years old.

The small firm of A.E. Dor is in the old Protestant enclave of Jarnac, a few miles upstream from Cognac, on the Charente river. Dor is one of a very few houses which specialises in releasing small batches of very old cognacs: "Hors d'age" Reservos, which spent anything from 30 to 50 years in cask: and the "Très vieilles grandes champagnes" which are ancient vintage spirits released in minute quantities.

Last month I tasted a range of these cognacs at the Four Seasons restaurant in London's Inn on the Park with the sommelier, Erik Bequemont and the importer: David Baker of Classic Cognacs. At the cheaper end of the list there was an honourable VSOP or "Rare Fine Champagne" (£28.45 inc. VAT) with an aristocratic bouquet of apricots and incense and a rather more concentrated Napoleon (£48.20 inc. VAT) The former is basically eight years old, the Napoleon 15. Both receive small additions of caramel to give them colour.

None of the other brandies contains additives. The XO is the most popular with the restaurant trade, and Dor has dressed it up in a rather vulgar bottle to make it appeal to the Duty Free shopper. The cognac here is 25 years old and exudes an attractive baked apple bouquet (£80.35 inc VAT).

Only now begins the range of "Hors d'Age" Reserves. The 30-year-old No 6 (£119.95 inc VAT) is a mite fiery with a slightly catty aroma. Baker tells me that it is extremely popular in Germany. The 40-year-old No 7 was much more exciting (£159.95 inc VAT) with its bouquet, length of finish and complexity.

In a hotel or restaurant the No 7 would cost you between £12 and £14 a shot, the 45-year-old No 8 (£233.00 inc. VAT) nearer £18. The delicacy of this spirit belies its high (47 per cent) alcohol content. Bequemont enjoyed the aromas of oranges and apricots, I found the elusive bouquet of irises.

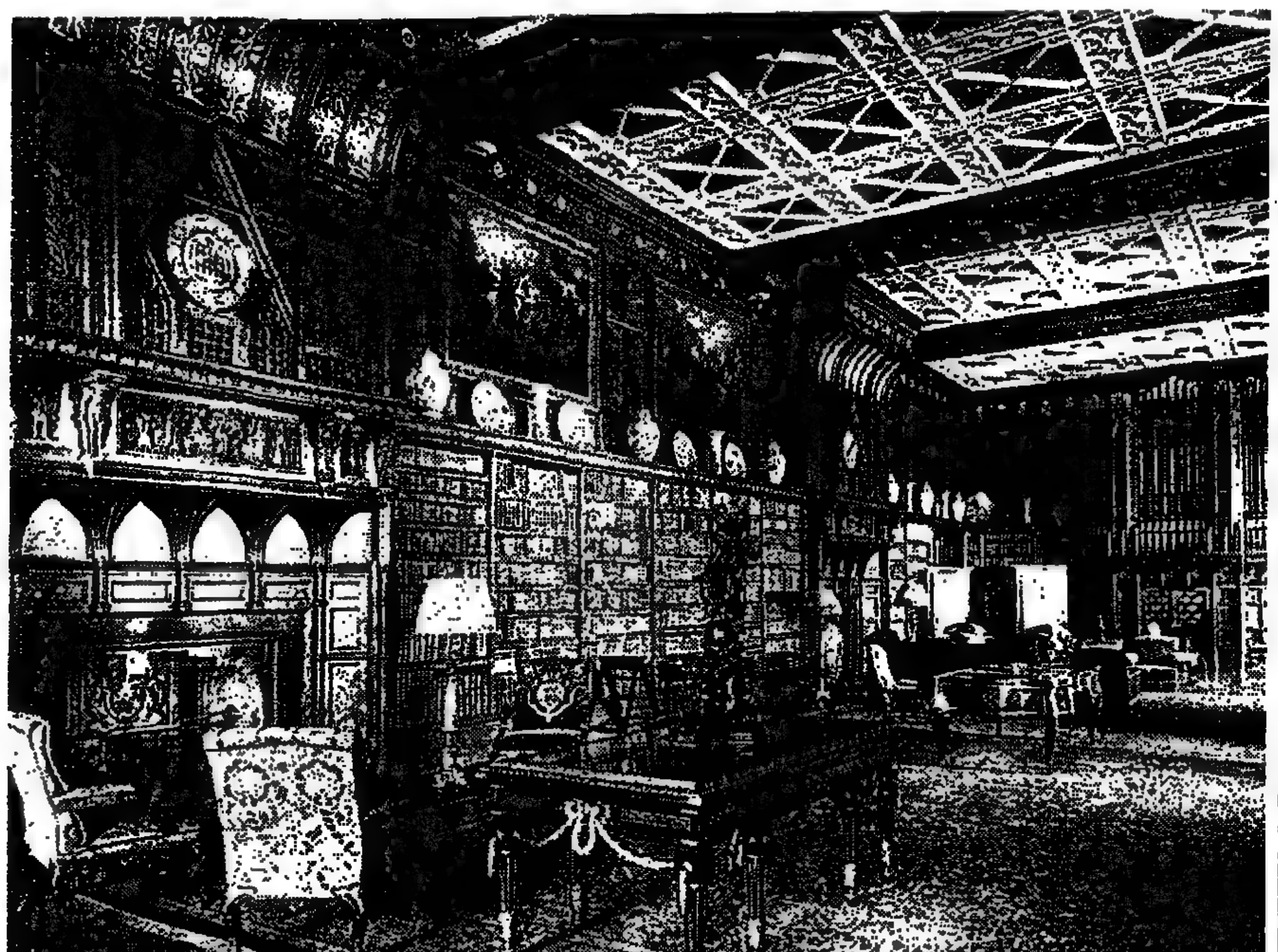
Both the Nos 9 and 10 are really vintage cognacs No. 9 (£699 inc. VAT) was harvested in 1914 and run off 50 years later. Cognacs which spend more than 60 years in cask are often said to go flat. This brandy, however, is full of life. The No 10 (£1,202 inc. VAT) has more of the character known as "rancio" in Cognac: a nutty aroma combined with the smell of wild mushrooms, not unlike old solera sherry. This cognac was harvested in 1922 and run off into glass in 1965.

Our final treat was one of the very old reserves: Louis Philippe, harvested in 1840. Baker believes this was decanted into demi-johns in 1910. In more than 70 years in cask its strength had gone down to 34 per cent by volume. Not surprisingly, the spirit was a deep russet with a complex bouquet of coffee, iris and orange combined with almonds and vanilla – rather like some wonderfully special nougat. A bottle of this suitably packaged in crystal will set you back £3,743 inc. VAT, or about £280 a snort.

■ *Information: Classic Cognacs. PO Box 1171 Melksham, Wiltshire SN12 8RX. Tel: 0225-791007. Fax 0225 791321.*

Giles MacDonogh

BOOKS



The Library at Eaton Hall, Cheshire, about 1890. Built by Alfred Waterhouse in the Gothic Style for Marquis of Westminster. It has now been pulled down, having served for many years as an infantry officers' training school.

A great civic builder

James Joll on the work of the Victorian architect Alfred Waterhouse

ACCORDING to a recent poll, Alfred Waterhouse enjoys a greater reputation than any of his fellow goths and the emergence of the Natural History Museum, one of his finest works, from decades of grime has reinforced his popularity with the public.

Yet there exists no biography. "A major gap in the history of Victorian architecture" as Mark Girouard has rightly lamented, though the booklet accompanying an exhibition of Waterhouse's drawings at the RIBA Heinz Gallery a decade ago whetted the appetite.

Dr. Colin Cunningham, one of the authors of that booklet, and Prudence Waterhouse, an architect great grand-daughter of the architect, have now remedied that deficiency in a scholarly work sub-titled "Biography of a Practice". The fruit of many years of research, it provides a list, in chronological order, of 647 works attributed to Waterhouse, appendices of the competitions he judged, the paintings he exhibited at the Royal Academy (he was elected RA in 1877) and of draughtsmen and assistants in his office.

The approach to Waterhouse's life and works is eminently sensible and broadly chronological with a chapter for each of his major commissions and groups of buildings, such as his work at Oxford and Cambridge in the 1860s and 1870s. There are also brief essays on themes running throughout Waterhouse's career, such as the business of building and his relationship with the architectural profession (he was President of the RIBA).

Waterhouse was born in Liverpool in 1830 into a Quaker family, a fact to which one critic attributes his preservation from "the faults of decorative and gothic excess". After training with a minor classicist in Manchester he travelled on the continent, seeing everything through Ruskin's eyes. France and northern Gothic were to follow. He set up on his own in Manchester at the age of 24, scraping by on minor commissions from friends and relations until his victory in the competition for the Assizes Court there shot him into the first rank in his profession at a tender age.

He moved to London and never looked back, acquiring a broader practice than any of his peers. He built country houses, churches, university colleges and a whole host of great civic buildings. His three most famous commissions followed hotfoot, one on the other, and pay testimony to the efficiency with which his office was organised. Curiously, and in strict contrast to Scott or G.E.Street, no talented architects emerged from his office to pursue their own careers.

Of his three greatest buildings Eaton Hall, Cheshire, built for the Marquis of Westminster, has been pulled down after years of service as an infantry officers' training school and the Natural History Museum suffers from the most insensitive extension conceivable and threats of philistine "improvements": but Manchester's Town Hall soldiers on more or less as Waterhouse eventually designed it. In each case Waterhouse solved complex planning problems and produced buildings that were functional and, despite their gothic or Romanesque dress, intensely Victorian.

ALFRED WATERHOUSE 1830-1905: Biography of a Practice
by Colin Cunningham and Prudence Waterhouse
Oxford £80.00 + illustrations

Waterhouse was the most artistically gifted of his contemporaries – his watercolour of the main door of the Museum – "a high cathedral portal recessed like a cave into the cliff of the front" – is quite ravishing and the terracotta details of birds, animals and fishes throughout the building are a constant delight. But he was also thoroughly practical as well. His espousal of terracotta for the outside of many city centre buildings, thereby creating a strong corporate livery for the 27 rather disparate buildings he designed for the Pru, preserved them from 19th century soot and pollution. They still look pristine if also a little unyielding in their harshness.

All this, and more, is conveyed succinctly by Dr. Cunningham's book without generating the excitement and sense of discovery the first man on the biographical scene ought to. Partly this is because Waterhouse was indeed a supremely professional architect but perhaps lacking the hint of genius that Pugin, Burges or Butterfield embodied. Partly this may reflect a certain tentativeness about the authors' own convictions about Waterhouse's *oeuvre* and position in the architectural pantheon.

The treatment of his country houses is brief to the point of being perfunctory and the survey of his furniture designs, particularly those for Blackmoor is frankly inadequate. However, the main blame must be laid at the publishers' door. A book at this price deserves better than 200 black and white illustrations, many of them amateur snaps, crammed onto less than 50 pages. They are supplemented by a sparse four pages of colour when Waterhouse's buildings, his perspectives and his drawings cry out to be shown in their considerable multi-coloured glory.

He deserves better.

Travels with the literati

MARK COCKER has come up with what sounds like a good subject after his workmanlike tyro biography of Richard Meinertzhagen. *Loneliness and Time* sets out to be a study of – a meditation on the function of – British "travel writing" in this century. He has spun a book around, principally, St. John Philby, Wilfred Thesiger, Robert Byron, Laurens van der Post, Patrick Leigh-Fermor, Lawrence Durrell and (a throw-back for reasons of comparison), the near-forgotten Central Asian explorer Eric Bailey.

After that list, who can be surprised that he has bitten off more than he can chew? He is interesting enough about most of them, which does not mean that he always convinces. On Gavin Maxwell, for instance, he gets into a terrible tangle; the otter man's inclusion is surely a mistake. He is good on Jack Philby, in the steps of Elizabeth Monroe's biography – but was this most famous of fathers flogging Fords to the Saudis really a figure "of almost Faustian proportions... in revolt against the limitations of life itself"? On Thesiger, Cocker, unsurprisingly, is discreet. On Tibet, with his description of the "Pundits", the Asian spies who ventured beyond the Himalayas, he seems to be working on a sketch of a separate book. He is best on his Phil-Helknes-Byron (Robert), Durrell and Paddy Leigh-Fermor.

But by this time we are irritated by the arbitrariness of his cast of characters: where, apart from throwaway references, are Freya Stark, Norman Lewis, V.S. Naipaul (not a Brit?), Waugh, Greene, Raban, D.H. Lawrence, Colin Thubron, etc, most of what would merit quite as much attention as the bunch we get?

LONELINESS AND TIME
by Mark Cocker
Secker & Warburg £17.99, 294 pages

The most interesting pages are on van der Post, that increasingly mysterious personality of our age. Cocker begins to probe at the deeper levels of the "carefully-guarded life" when he tackles that surprising and long-term bestseller, *Venture to the Interior*, with the central significance of the drowning of the young forestry officer, but he is soon out of his depth when he tries to explain van der Post's deliberate and mannered "blend of autobiography and invention", the matching of his "mysticism" with what Cocker can only describe as "the plain facts".

This is inevitably a curate's egg of a book: it will engage and infuriate in successive chapters. Was the source of the Nile a search for a Grail? Is it so significant that most of these travellers had no father figure in their lives? Did the Victorian traveller really need to escape from British inhibition into "the metaphysical blank sheet"?

Mr. Cocker works his material to death and gets into a great state about the "nature" of travel writing. Surely it cannot be such a terrible puzzle. We all know that the "travel writer" is not the same beast as the wretched compiler of tourist guidebooks, and we also know that the genre contains a menagerie of skills and interests. In these very pages my colleagues Michael Thompson-Noel and Nicholas Woodsworth, to take the immediate example, are manifestly different in their style, their tone of voice and, no doubt, their philosophies, yet they are both "travel writers" and no more need be said, we accept them as inmates of the zoo.

Paul Fussell in a recent book, put the matter simply and Cocker has the grace to quote him: "Travel books are a sub-species of memoir in which the autobiographical narrative arises from the speaker's encounter with distant or unfamiliar data..."

Simple as that.

J.D.F. Jones

Polish king who lost his castle and his country

Elected royalty had its problems, concludes J.H.Plumb

THIS is a remarkable book, not only for the story it tells; even more impressive is the skill with which it is told. The complexities of Polish history are immense, as entangling as the Amazon delta and could so easily be too daunting for the average reader. Poland was not just Poland. As well as the Kingdom it contained a Commonwealth – indeed the territory loosely called Poland stretched from the Black Sea to the Baltic embracing, among a conglomeration of many semi-sovereign princes, the Ukraine and a far vaster Lithuania than the one we know.

The constitutions of this vast empire were bewildering, but none more so than Poland's, which elected – or at least tried to elect – its own king in an age-old parliamentary institution called the Seym. This was dominated by the great aristocratic families, probably the richest aristocracy of any European country in the 18th century. The Poniatowskis, Radziwills, Potockis and Czartoryskis were all immensely powerful, usually suspicious of each other and often scheming amongst the great powers – Russia, Prussia, Austria and France – who bribed and seduced many with promises to keep the pot of anarchy gently boiling. I cannot think of a task more difficult for an author than to thread his way through this morass of diplomacy and politics.

THE LAST KING OF POLAND
by Adam Zamoyski
Jonathan Cape £25, 550 pages

Fortunately Zamoyski is amazingly skilful. He knows instinctively just how much detail is necessary to present a comprehensible picture of the world in which his hero, Stanislaw, lived and strove to realise his ideals of kinship. His chapters are short and illuminating. Against this beautifully controlled background he tells the story of Stanislaw; his biographical narrative brings a firm structure to his book and gives it impetus, so that 550 pages pass swiftly.

Stanislaw was a complex character. As a young man with his vast family connections and drop of royal blood, he was regarded as electable. His parents educated him as if destined for the throne – a Grand Tour took him to Paris and London, which he adored. He developed a strong belief in the liberality of Britain and its land-owning democracy.

In Paris he had been converted to the ideas of the Enlightenment. Entering the diplomatic service, he fell in love and into bed with Catherine, the future Czarina. Both took incredible risks. It had to end, and with luck Stanislaw got back alive to Warsaw. Catherine, who murdered her husband, did all she could to get Stanislaw elected king. That accomplished a new, if dangerous, world opened for him.

Fortunately Poland was enjoying a prosperity it had never known before and Stanislaw set about making Warsaw a city of beauty and sophistication – rebuilding old palaces, bringing in the Italians, French, Germans and even English architects, sculptors and painters who decorated his exquisite palaces with the heavy symbolism of Freemasonry and of the Enlightenment. He created a perfect setting for the greatest art of the 18th century: conversation. He played with ideas with skill, welcomed the revolution in America, even drew up, after the French revolution got into its stride, a splendidly liberal constitution for Poland itself; but, alas, he was out of touch with the cruel reality of his position.

Stanislaw Antoni Poniatowski who was crowned King of Poland in 1764 - from the portrait by A Kucharski

Within nine years of his election, Russia, Austria and Prussia, fearing that each might pounce upon so delectable an opportunity, clubbed together and did a deal to slice portions off the Polish conglomeration. Their judgment in seizing enough to worry, but not to stir France and Britain into action, was excellent. Of course, Stanislaw was totally impotent to defend his kingdom. He had built beautiful palaces, restored much of the crown lands and income but he had failed, indeed scarcely tried, to provide the essential institutions of a modern state: no national army, no strong bureaucratic class. Anarchy still prevailed; later in life he endured a second partition and died in the marble palace at St Petersburg. A few years later Poland was wiped off the map.

A tragic tale beautifully told. Zamoyski's prose does not dazzle, nothing is strained, it is cool and pellucid. He is a great writer and his biography is very readable and instructive. The only blot on this book are the illustrations, dreadfully small, often meaningless and smudged pictures; in fact awful. But they do not matter. Please, Mr Zamoyski, turn your eye on Catherine the Great: the greatest female monarch in Europe's history and so ripe for your talents.

FT Children's book of the month

Ultimate flight of fancy

THE way in which a book or a play (or a character from a book or a play) can procreate or transmutate, begetting other books or other characters, is, thanks to the ingenuity of authors, publishers and illustrators, some talented and others merely unscrupulous, a weird and wonderful process – and it is made all the more weird and wonderful, of course, if the subject of the book or the character in the play happens to possess magical properties of its own.

Take *Peter Pan*, for example, that strange hybrid, part boy, part fairy, who could fly like a bird, but was not a bird; and could swim like a fish – but was not, of course, a water creature of any kind.

Sir James Barrie's *Peter Pan* was first published by Hodder and Stoughton in 1911, but the text of what can arguably be described as the most famous and abidingly popular play for children of all time was by no means the first attempt that Barrie, the son of a poor hand loom weaver from Kirriemuir, had made to capture his flights of childish fancy between hard covers. In 1906 he had written a story entitled *Peter Pan in Kensington Gardens*. This edition became famous as much for its illustrations by Arthur Rackham as for the text itself. Rackham, one of the most fashionable illustrators of the Edwardian age (his *Rip Van Winkle* of 1905 had made him so) embellished the story with his own curious blend of Nordic fantasy, all twisting tendrils and misshapen humanoid trees.

J.M. BARRIE'S PETER PAN
presented by Eleanor Graham and Edward Ardizzone
Hodder & Stoughton £12.99, 172 pages

Barrie's story had developed from tales he had made up for the five sons of close friends, Arthur and Sylvia Llewelyn Davies. When the parents died, Barrie gave these children a home. The play itself, first performed in 1904, had been a great success from the start; but no one in Edwardian England would have conceived that, 90 years on, it would have eclipsed in popularity even *The Admirable Crichton*, his runaway success of 1902.

But the story of the story of the play does not end there. Other editions of *Peter Pan*, books that might now be described just as well as examples of "merchandising" or even "novelisations" and the like, proliferated with the passage of time and the increasing fame of Peter Pan himself.

Mabel Lucie Atwell, in producing her "nursery version" of 1921 of the story, added her own inimitable touch of saccharine and *Good Housekeeping* gave her its seal of approval: "The editing has been done with a keen sensitivity," wrote the reviewer. "Nothing is spoiled or altered... real little-children illustrations, safe, warm and comforting, even when they are full of pirates."

He tried to stick it on with soap, but that also failed.

Peter Pan has problems with his shadow. One of Mabel Lucie Attwell's illustrations to the 1921 edition of Barrie's story

And 40 years later, in 1962, came a prose version for readers of approximately six and above that is republished this month, a collaboration between the artist Edward Ardizzone (best known in the world of children's literature for his *Little Tim* books) who somehow managed to domesticate the story without robbing it of any of its ethereal charm, and Eleanor Graham. Interestingly, it was one of the wards of the Llewelyn Davies', Peter Davies, the London publisher, who first commissioned book illustrations from the young Edward Ardizzone in 1928, thereby encouraging a career that was ultimately to establish him as one of the greatest and most distinctive illustrators of his era, popular in both England and America.

And who was Eleanor Graham? She was the first editor of Puffin Books, the imprint that in the 1940s pioneered the sale of children's books in paperback format, and at prices that even children and their hard-pressed parents could afford. She also published one of the first excellent anthologies of paper back poetry for children, *A Puffin Quartet of Poets* (1958), which introduced the work of such poets as James Reeves and Ian Serraillier to new audiences.

There have been other versions of *Peter Pan* too, with other illustrators, and he has managed, somehow, to withstand – and even to rise above – them all, the recent film of *Hook* included. And, for once, the story of the book of the play scarcely needs to be repeated here because it is as comfortingly familiar as the hat that hangs in the hall.

All versions of the story form a part of the *Peter Pan* bequest by which royalties of the books go straight to the Great Ormond Street Hospital for Sick Children, to which Barrie had bequeathed the copyright. Although the legal term of copyright expired at the end of 1987, the hospital continues to benefit from sales of all Hodder and Stoughton editions.

Michael Glover

Fire power

IN the ancient philosophies of China, India and Greece, fire was regarded as a living spirit, one of the primal elements, of which the world was composed. In certain of these civilisations the ancient philosophy of fire still survives – in the Hindu funeral pyre, *for example*, as compared with our hygienically out-of-sight cremations.

Western culture, Johan Goudsblom argues in this engrossing new book, long ago lost its reverence for fire. When Hesiod, in the eight-century BC, advised couples not to "lie down besides the fire when you have just made love, and show your naked parts," he was respecting the gods of the hearth, not issuing a health *warning*. By Shakespeare's day, though, the poet John Donne could write that: "The Element of fire quite put out." He blamed science, forerunner of modern day thermodynamics, for stifling the flame.

FIRE AND CIVILISATION
by Johan Goudsblom
Allen Lane £20.00, 247 pages

Whether our forefathers learnt the secret of fire by subterfuge, as Prometheus' legend has it, or good luck, all the worldwide fire myths suggest that by obtaining fire and being able to cook, people became truly "human." Freud's theory was that the acquisition of fire demanded the renunciation of certain *spontaneous* urges, chief of which was the supposedly irresistible urge felt by primal man when he came in contact with fire "to put it out with a stream of urine."

Goudsblom is less dotty, but he does argue that fire was a crucial part of the civilising process. Whenever it was first used to turn the *tables on* animal predators (opinions vary, but Goudsblom, like Bruce Chatwin in *The Songlines*, settles for a cave in Sterkfontein, South Africa, four million years ago), fire soon had to be institutionalised if people were to live together. The origin of our word "curfew" ("couvre feu" in French) was the ordinance requiring all citizens to cover open fires at night. The Romans had it both ways, *instituting the* Vestal Virgins as a watered-down cult of the eternal fire of Mount Olympus, as well as organising the first fire brigade.

Goudsblom's book, which ransacks the history and literature of fire from the ancient world to the present day, is full of arcane facts. When you are next browning the sausages on the barbecue, spare a thought for the fire gods Hestia and Hephaestus looking on.

Mark Archer

NEXT WEEK

My Book of the Year - our reviewers' choices; and the announcement of the **Literary Competitions**. These two annual book page features will appear in next Saturday's *Weekend FT*.

Off the Wall/**Antony Thorncroft**

Misled institutions

PERHAPS it is predictable that academic institutions should live in cloud cuckoo land. That is certainly the case at Edinburgh University and at Royal Holloway College whose administrators think they can solve their financial problems by selling off works of art entrusted to their keeping.

Not only are they betraying their benefactors and stirring up ill will, but the rewards will be disappointing. Their views on art market prices are at least two years out of date. On the advice of a not disinterested auction house, Royal Holloway had visions of raising £20m from selling works by Turner, Constable and Gainsborough from the collection of its founder, the Victorian pill king.

The prices paid this week at auction for British pictures (the few that sold, that is) suggest it should revise its expectations to nearer £5m, or even less. Constable's "Harnham Bridge" failed to reach its £1m target and was unsold, as was an important Turner Venetian watercolour when the bidding ran out at £400,000.

Edinburgh University slipped a copy of Audubon's *Birds of America* to Christie's New York earlier this year and ended up over $2m richer. It is trying to repeat the trick by selling either an Adrian de Vries sculpture or a river scene by Jacob van Ruisdael. Once again the sum anticipated, £5m, is ridiculously high, the more so if the University thinks that the National Gallery of Scotland, which has had the van Ruisdael on its walls since 1846, can somehow conjure up that sort of money to ensure it stays in its natural home.

In addition both institutions are alienating their natural friends. As a Grade One listed building, Royal Holloway could seek a grant from English Heritage. Edinburgh is actually asking the National Heritage Fund for money, money that is unlikely to be forthcoming given its current anti-art stance.

*

The National Heritage Fund has other things to worry about at the moment. It was the chief sufferer from the inadequate arts budget achieved by Heritage Secretary Peter Brooke last week. Totally out of the blue, its grant for 1994-95 has been reduced from the current £12m to £8.2m, with £7.8m earmarked for the year after.

Why this successful institution, given the task of safeguarding the national heritage, both artistic and natural, should be singled out for the axe is unclear. Reports are that the entire arts and heritage budget was still being finalised on the morning of the Chancellor's statement and the Fund was regarded as the softest fall guy.

The budget was delayed because the Government got belated cold feet on its original idea to mothball the British Library, and instead decided to lavish money on the project in an attempt to finally finish it off. So Brian Lang, current director of the Library, gained at the expense of the Heritage Fund, which he headed in years gone by.

The Fund hopes that quiet lobbying will get its grant raised again by next year's statement. Its importance as the ultimate guardian of national treasures could become obvious in forthcoming months. There are many country houses, hit badly by falling property and land values, who are tottering financially and will look to the Fund to shore them up.

It may well do so, but only at the expense of saving works of art from export. The Fund feels that many British antiques appearing at auction are currently over valued. For example it is advising the V&A, which is keen to acquire James II's wedding suit, not to pander to the owners, the de Saumarez family, who suddenly raised the reserve from £200,000 to £300,000 at Christie's this week. This made the V&A's bid of £200,000 inadequate. The museum is still negotiating, but why offer more when there is no obvious alternative buyer?

The same goes for the 43 intimate letters the Earl of Essex wrote to Queen Elizabeth I in the 1590s. Sotheby's is offering them on December 14 at over £400,000. The Fund thinks this is excessive, and will advise the obvious purchaser, the British Library, to keep its saleroom powder dry.

*

Prints by Royal Academician Norman Ackroyd sell for at least £250 and the work of Eileen Cooper, Albert Irvin, William Crozier and Julian Grater for not much less. You can acquire a print by these artists for £38 if you move quickly.

And there is more. For your money you get an annual subscription to Art Line, the well informed if idiosyncratic magazine of contemporary art. You also help a good cause.

Art Line exposed an art world confidence trickster. He filed a malicious complaint of libel before fleeing the country. In amassing an overwhelming defence against the charge Art Line acquired legal costs that could bankrupt it. The artists have rallied round by producing the prints for free and 1,000 new annual subscriptions should clear Art Line's debt. Details from Art Line, 11, Phoenix House, Phoenix St. London WC2H 8BS.

VAT to hit London

AFTER 20 years of deliberation and delay a decision could be taken next week in Brussels which will deliver a hefty blow to London's precarious position as the twin centre, with New York, of the international art market.

Rather ignominiously, the talk will mainly revolve around the movement within the single European market of second hand cars, for, as far as the bureaucrats are concerned, works of art are just second hand goods: paintings by Rubens and furniture by Boulle will be treated alongside Mercedes and hi-fi equipment.

At the moment works of art can flow in and out of London free of tax. It is this unrestricted movement which makes London the great *entrepot*. Under the proposals the UK will have to levy VAT at around 5 per cent on goods coming for sale from outside the EC.

This is no marginal matter. In 1991 art valued at around £700m, or just about 50 per cent of all imports, came into the UK from the US, Japan, Switzerland, etc. Potential vendors like the fact that there is no hassle in London, especially in the auction houses. When Sotheby's and Christie's hold their sales of important Impressionist pictures in 10 days time around 90 per cent of the lots will come from abroad, many from outside the EC, and will depart thither. If the regulations come into force, sellers in Japan or Switzerland might take the safe and easy option and dispose of their art through New York or Geneva.

This will not be a crippling blow to Sotheby's and Christie's, which are well organised in both those cities, but the down grading of London would be much regretted, especially by the British owned Christie's. The dealers, too, although arch rivals of the auction houses, know that on this issue they sink or swim together. All the stops are being pulled out to influence Monday's decision.

But there is a resignation that, after a doughty rearguard action, some time in 1993 the new tax will be implemented. The antiques trade is already congratulating itself on keeping the tax down to 5 per cent and on securing zero rating for exports. Dealers also believe that they have gained an amendment that if they sell a work of art outside the EC within a short time, say six months, of importing it, they will escape the paper work involved in reclaiming the tax. This could cover half their turnover.

Art is put in the same pigeon hole as second hand cars for tax purposes says ***Antony Thorncroft***

In theory an extra 5 per cent on a trade dealing in margins of up to 50 per cent does not sound too burdensome. But it is the psychological damage to London that is most feared. Sellers, especially those with multi-million pound collections, will opt for the simple, more profitable, life, and consign goods to New York. The auction houses cringe at the thought that in their London catalogues they will have to draw attention to the lots that will be liable for VAT.

The 5 per cent matters to London because it comes on top of worrying trends. New York, with its mass of big domestic buyers, has taken a growing percentage of the global business in recent years and at last Paris shows signs of throwing off restrictive practices and becoming a major centre again.

It also follows quickly on last week's EC decision on the movement of goods and the restitution of smuggled items. This seems bound to make life more complicated. Auction houses and dealers will have to apply for many more export licences: on prints and drawings for example licences were previously required on goods valued at over £35,000. This has been reduced to around £10,500.

There will also have to be more research into the background of goods for sale. Bureaucrats in Italy, for example, could have a happy time querying the origins of Attic vases in an auction house or dealer catalogue, causing endless delays. And with no licences required on movements inside the EC British treasures could slip quickly to countries like Belgium, which has an easy going attitude towards the export of works of art.

The Government could use its veto on any decisions taken on Monday; but this is regarded as unlikely. The meeting could decide that the entire EC art trade benefits from London being a free market; but this is perhaps over optimistic. Some delay is possible, but in the end the tax is likely to arrive – with the hidden danger of future increases in its burden. It will not have an immediate impact, but it will mark the end of the British antique trades impressive ability to operate with minimal restriction.

OH DEAR: round comes the Turner Prize again, and now we may all look forward to Christmas, to cheer ourselves up. On Tuesday next, the English art world assembles *en fête* at the Tate Gallery, to eat, drink and gossip, and to witness the award of what should be contemporary art's most coveted prize. The eighth Turner Prize will be awarded to "a British artist under 50 for an outstanding exhibition or other presentation of their *(sic)* work in the 12 months preceding 30 June 1992" runs the general citation, and what could be fairer than that?

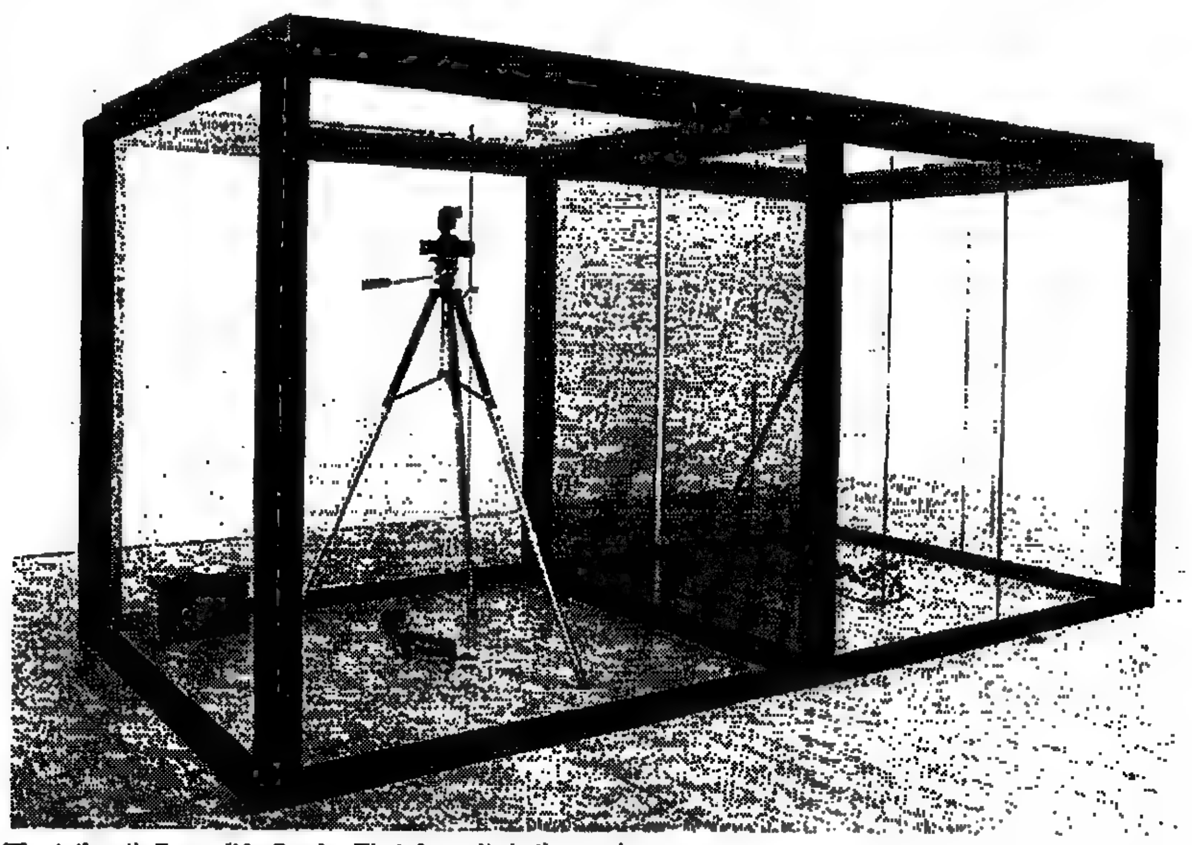
But wait a minute. As always, a representative if exiguous example of each candidate's work has been on show at the Tate throughout the month, which is where and when the gloom sets in. This is hardly the artists' fault. Whatever the nature or quality of their work – and I shall come to that – they were all put up by someone else, entered onto the short-list by the jury, put on show by invitation and publicised further by the sponsor. And in the longer term it is the artists themselves, good and bad alike, who suffer for being so closely identified with the received attitudes and prejudices of an evidently narrow-minded and exclusive curatorial club.

We live now in what the jargon has it are pluralistic times – which is only to say that the old narrow and successive "isms" of avant garde pre-occupation have given way to a more open and catholic interest. If so, it can only mean that the fellow sitting in the field, painting the landscape, may be no less radical and true to himself and his times than the severest conceptualist or the wildest neo-surrealist. What the Turner Prize has been saying to us these eight years past is that, even so, the only truly radical, relevant, essentially serious work can still only be of this narrower sort – minimal, or conceptual, or conforming at least to the international critical consensus.

Artists from two London dealers, d'Offay and Lisson, have dominated the prize hitherto. Latterly, with the imposition of an age limit, half the short-listed candidates have been recent graduates of a single art school, Goldsmith's College. In eight years only two winners have been figurative artists in any sense – Malcolm Morley and Gilbert & George – and only one other short-listed as I remember – Stephen McKenna. So much for any generous trawl through the currency of British art.

And who are entered in this year's Turner Stakes (£20,000 added)? Grenville Davey (31) is a minimalist sculptor cited for the "cool beauty" that underlies "his fascination with the form of the circle, and a refined sensibility in the handling of materials." He is showing a pair of tall patinated steel cylinders, one somewhat dented, and a lower, kidney-shaped bench topped with an inch or so of asphalt.

David Tremlett (47) has painted one wall of the gallery dark brown, with a red border and an asymmetric, light-violet parallelogram in the middle. His drawings "appear abstract but often refer to architectural features, or ground plans... His work marries a powerful feeling for pure form with an equal response to earthy reality." He is also showing a series of drawings of three-letter words.



'The Asthmatic Escaped' by Damien Hirst, favourite in the running

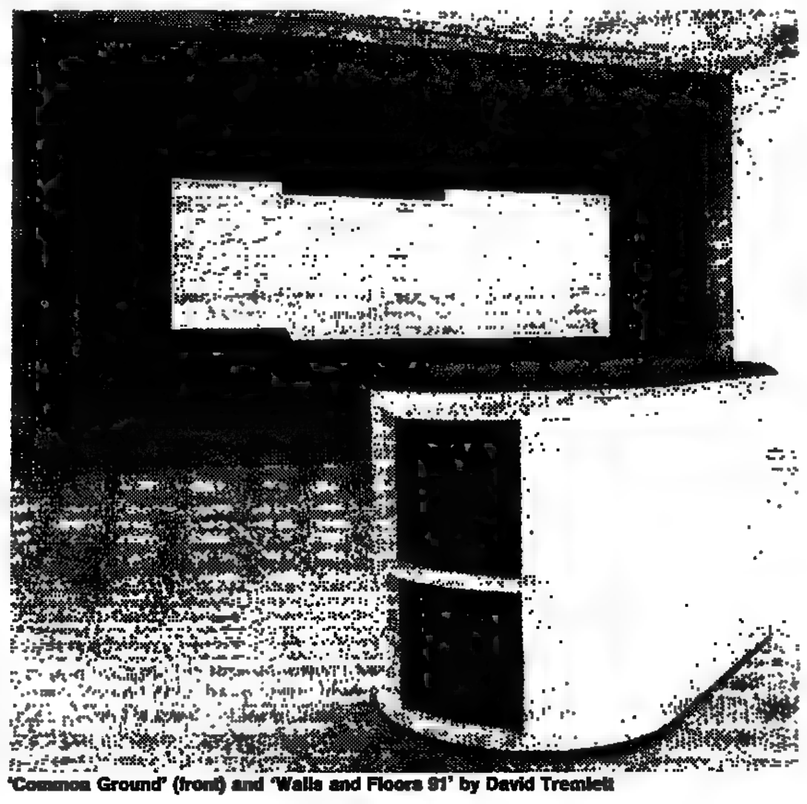
A narrow view of art

Gloom sets in as ***William Packer*** *views the Turner Prize candidates*

Damien Hirst (27) shows two wall cabinets loaded with fish, each specimen set in its individual tank of formaldehyde. He also shows one of his larger glass-and-steel cabinets, this significantly occupied by a pile of discarded clothes, ash tray, plastic cup etcetera. "His elaborate titles offer the spectator the opportunity to construct a network of meanings, but his works often confront us... with the stark facts of existence."

Alison Wilding (44) is another minimalist, whose sculpture has moved away from the oddly fetishistic and idiosyncratic as it has grown larger and more self-conscious. Here are two tall curved metal sheets enclosing a red perspex tube with a ball on top. She also shows a flat metal cover or shelter as though drawn away to reveal an internal structure of slotted perspex. She "works slowly, moving towards the realisation in sculptural form of deep-seated experience: 'I like to make something I don't know about', she says."

It is too easy to mock, but it is a sad business. I have admired Alison Wilding's work in the past and hope she wins. Davey, too, evinces a certain formal integrity. But I fear the favourite must be Hirst, he of the shark and dead flies and irresistible momentum, with Tremlett to give him a run for his money.



'Common Ground' (front) and 'Walls and Floors 91' by David Tremlett

The Turner Prize Tate is at the Tate Gallery until November 29, sponsored by Channel 4.

Nordic design rooted in British idealism

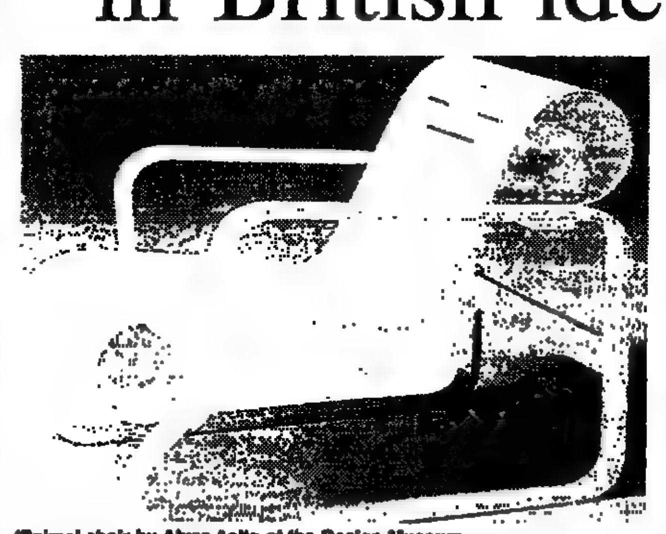
FEW British household have escaped the influence of Scandinavian design. Why has it been so consistently popular? One reason is that Nordic design has its roots in British idealism.

The reform of Swedish design at the beginning of this century was directly inspired by the romantic socialism of Ruskin and William Morris (incidentally, a devotee of all things Icelandic) and the example of the British Arts and Crafts movement. Then the avant-garde Scandinavian industrial designers of the 1920s and 1930s succeeded in making Modernism palatable to the British. They tempered the uncompromising functionalism of Gropius and Le Corbusier with an emphasis on natural materials and a humanity that placed the needs of the user above aesthetics.

Ironically, their machine-made, mass-produced and therefore relatively inexpensive artefacts came closer than Morris and his less mechanised craftsmen to realising the dream of introducing good design to the modest home.

The extent of this achievement can be seen in a series of seven small exhibitions which are part of the *Tender is the North* arts festival in London. The most thoughtful, at the Design Museum, is called *"Allies in the same Battle": Scandinavian Design in Britain 1930-1970* (until February 28). It shows how Victorian fussiness and Edwardian opulence was replaced by a clean, elegant line, restraint and lightness. Armchairs by the great Finnish designer Alvar Aalto exploit the flexibility and strength of plywood but their flowing line and form are agreeably organic. The Swede Bruno Mathsson's bent laminated wood "Eva" chair seems almost sculpted to human shape.

It is hardly surprising that we are still slumping in contemporary versions of the Dane Kaare Klint's 1933 folding beech and canvas safari or director's chair, or that various chairs, lightfittings and glassware featured here have recently been reissued.



'Paimo' chair by Alvar Aalto at the Design Museum

During the 1930s contemporary Scandinavian furnishings and applied arts were available in Britain at such up-market emporia as Heal's. (Alvar Aalto, for instance, found his largest export market in Britain.) By the 1950s, Scandinavian Modernism had filtered down to the High Street, largely thanks to a series of promotional international exhibitions. British industry responded with its own contemporary designs, produced by "G" Plan furniture, Dartington glass and Midwinter pottery (a designer for the last was Terence Conran).

Those nostalgic for "1950s Contemporary" will relish Marianne Westman's "Picknick" tableware of 1956, with its cheerful, stylizied vegetables and herbs, the linear patterns of Heal's textiles and the Ercol two-seater "Windsor" beech sofa with its faux medieval upholstery. A decade on, the Swedish furniture industry's development of colourful, inexpensive and well-made furniture for a younger market, which could be bought flat-packed to be assembled at home, provided the idea for Habitat.

During the 1960s the traditional relationship between the craft tradition and Scandinavian industry weakened. Revealingly, Caroline Schlytar's elegant calligraphic "h" chair is one of relatively few wooden pieces in *New Directions in Scandinavian Design,* also at the Design Museum. Instead, a heightening of the social conscience of Scandinavian design has resulted in an emphasis on, for example, City-Com's environmentally friendly and high-tec PCV – a personal commuter vehicle to you and me.

Just as industry became less interested in the craft ethic, the artist-craftsmen has become increasingly independent of industry. Scandinavia, particularly Sweden, boasts a long and distinguished tradition of studio glass, departments of which have been standard features of manufacturers such as Orrefors since the early years of the century. Imagine the shock to the industry when artists began setting up their own studios in the late 1960s in the wake of Asa Brandt, a graduate of the Royal College of Art in London responsible for introducing the new spirit of contemporary glass to Sweden.

Ulla Forsell is one maker who followed Brandt's lead, and her exuberant, fantastical and humorous confections make for a striking antidote to the Barbican's drab interiors (until December 13). Here are glasses for serious drinkers – oversize goblets of brilliant colour, their decoration like paint squeezed out of a tube, and small, translucent houses that glow like stained glass windows on a sunny day.

Other displays at the Barbican focus on contemporary jewellery, ceramics and textiles (much of which, like Forsell's glass, is for sale). Here the feeling for nature – which has long characterised Scandinavian craft and design – has become even more pronounced, and related to the brooding Northern landscape and coastline. Danish jeweller and gemmologist Agnete Dineson, for example, exploits the natural beauty of pebbles in necklaces. Jane Reumert hand-builds exquisite, wafer-thin porcelain vessels that take their inspiration from shells and bird's eggs. Beate Anderson's vessels share strong, primitive shapes and simple incised geometric decoration. Natural earth colours are built up using a *sequence of dry glazes.*

A comparable rough, chalky surface characterises the ceramic ships crafted by Gunhild Aaberg. These objects bring to mind the harsh, bleak life and landscape portrayed in *Babette's Feast.* In similar vein, "Abandonned Stage", the large and impressive textile installation by the Finn Kirsti Rantanen, would make an ideal set for *The Flying Dutchman* – despite its vibrant blues and hot reds. She creates monumental hoops, spirals, waves, coils and boulders of barely restrained, twisted and richly textured yarn, resonant of the harbour's mounds of rope and rock and heaving shore.

Susan Moore

The Scandinavian Design Festival is sponsored by Saab Great Britain and the "Exclusively Finland" campaign. The Barbican displays are sponsored by President Office Furniture, Intercraft Designs, Lamco Paper Sales and Varma Services

TRAVEL

St Augustine's claim to fame

TOMORROW, the US marks the assassination of John F Kennedy. For one day, the media spotlight will focus again on the mourners filing through Arlington cemetery, events at the Kennedy family compound in Hyannis and the scattered remembrance services in towns and cities around the country.

This year, following the Democrats' wresting of the presidency, Americans are being encouraged to look back fondly at the early 1960s as some enchanted age shattered by a volley of gunfire in Dallas.

Nowhere is that event more revered than at the Tragedy in US History Museum in St Augustine, Florida, where today the curators are putting a final polish to JFK's car and some assorted furniture belonging to his alleged assassin, Lee Harvey Oswald.

They will also be cleaning the car Oswald drove on the day Kennedy was shot and the ambulance that took Oswald to hospital after he was shot by Jack Ruby.

In another display, the whistle, speed recorder and the dead engineer's watch from the "Wreck of Old '97" – one of America's great train disasters – has pride of place. Proud of their ghoulish collection, the curators claim it "depicts history that the people of today understand."

The authorities in St Augustine, however, are not so proud of the museum and give the impression of being happy for some disaster to befall it. Yet, for 20 years, the curators have defied local opposition.

Although the tragedy museum concentrates on 20th century horror, it is also anxious to back the campaign to establish St Augustine as America's oldest inhabited settlement. The museum has built an old Spanish jail with real human skeletons. The skeletons are said to date back to 1718 when St Augustine was in Spanish hands and already celebrating its bicentennial, more than 250 years before the rest of the country.

Not content with America's official history, the city – 50 miles north of Daytona Beach – eschews the arrival of Christopher Columbus and rumours of Viking visits to lay claim to the title of North America's first historic site. It was here, according to city officials, that "Ponce de Leon came ashore to landmark for all time the first moment of our nation's history – the discovery of North America."

The claim is backed by some aggressive marketing to promote the nation's oldest house, oldest wooden schoolhouse and oldest store museum. The Spanish quarter has been converted into Florida's official living history museum where 1990s residents dress and live like 1550s settlers.

Life in St Augustine is about as far from New York City as it is possible to get in mainland US. High-rise buildings are banned, crime is paltry and there are no yellow cabs – it is easier to get around by horse-drawn carriage or tram.

The city's association with Spanish prospectors such as Ponce de Leon and pirates like Sir Francis Drake has made it obsessed with the past. Almost every street has a museum and many have several.

Such attractions are threatening to drown the old town, clustered on the edge of Matanzas Bay, in a wave of synthetic nostalgia. But behind the razzmatazz there is a genuine European village of narrow streets, discreet timber board houses and high-walled gardens.

The potential for tourism was first recognised by Henry Morrison Flagler, J D Rockefeller's business partner, who honeymooned in St Augustine and decided to put it on the map by connecting the resort to his East Coast Railroad in 1883.

Flagler is credited with saving the old town. His interest in the district ensured that the oldest homes survived, and many of them have taken on a new lease of life as upmarket inns. Guests can stroll to the Castillo de San Marcos or take a cruise into Matanzas bay.

The bay separates the old town from Anastasia Island, a flat sand outcrop of condos and motels. The island is famous for a unique livestock collection, the St Augustine Alligator Farm.

Although it is promoted as one of the state's finest attractions, the home for retired alligators attracts fewer visitors than Anastasia's main asset – the beach.

The dunes and long stretches of empty sand have been designated a state park where the peace is disturbed only by whooping surfers.

■ *Further information: St Augustine Chamber of Commerce, 1 Riberia Street, St Augustine, FL32084. Tel: (904)-825-5681.*

Tim Burt

ON my first night in Port of Spain, a week before Trinidad's carnival, Wilfred took me to "Calypso Spektakula" in the Queen's Park Savannah stadium where the north stand was in fine voice and the competitive tradition of calypso was stirring a little heat.

Talk centred around who would win this year's King and Queen of Calypso titles, and what would become the Road March – the year's most-played calypso.

Wilfred fancied Black Stalin for the title, with a sarky number called *Love My Country*, and debated fiercely with his neighbour. I had met Wilfred on the aircraft from New York, back in the smoking section with a bottle of Cockspur.

By day, Port-of-Spain was one long musical assault course. It is hard to say exactly when carnival starts. Some claim it never stops, but the Panorama competition brings excitement to a head. The steel bands practise year round for it, and in the run-up crowds come to listen at the pan-yards each night where the bands put the finishing touches to their pieces.

Wilfred had once played 'cellopan for his local band, Casablanca, so our tour ended up at their yard. The Casablanca Steel Orchestra was one of the bands to emerge from the pan-yard wars of the late 1940s into respectability in the 1950s.

Yet they had never won a Panorama title, and Wilfred took that personally. There was no doubt whom I would be supporting. Besides, I had been given the tribal colours: a Casablanca T-shirt.

In the north stand the chairs, which had been wired together, were suddenly being stacked to one side. Mine was taken out from under me, and I was lost in a mass of dancers.

We set off. Minutes later I was covered in mud. Casablanca was jumped by a band of Moko Jumbies and Mud Massers armed with buckets of slop the consistency of pancake mix.

A large lady, her face mottled with light brown mud, the colour of her scant clothes no longer visible, singled me out. She battered my face and rubbed herself against me. Who was I to stop her? I bore the marks with pride, and she disappeared back into the night.

As we neared the circuit, the streets became stiff with people dancing, drinking, covered in mud and not much else. Steel bands, drummers, floats loaded with loud speakers jockeyed for position.

Something – the music, the rum – set me going. The abandon of the beat seeped into my bones with the darkness. I could not see how anyone could stand still.

The dawn light fixed images in my mind – an old man beating a hub cap, a man writhing on the street while he was painted blue, couples grinding, legs intertwined. I fell in with a Soca band, and then, from nowhere, there was a girl behind me jamming up, and another in front jamming back, which seemed the natural thing to do.

As the sun climbed, the next shift started to arrive, formal bands thematically costumed, spotless and fresh. They had come to warm up for their competition next day, Mardi Gras, when the Road March would also be decided. I caught sight of myself in a shop window looking none too wholesome. A shower and a tactical nap and everything would still be happening when I returned.

■ Next year's Trinidad carnival is slated for February 22-23. About a dozen UK tour operators feature Trinidad in their brochures. Details: Trinidad and Tobago Tourist Office, 8a Hammersmith Broadway, London W6 7AL. Tel: 081-741-4466, fax: 081-741-1013.

Sebastian Hope

Practical Traveller

Earth watchers start here

David Pilling considers holidays that help to improve the environment

FOR SOME, the concept of an eco-tourist – someone whose globe-trottings have a positive environmental impact – is a contradiction in terms.

Tourism, they argue, is by its nature destructive, leaving in its wake a trail of aircraft fuel, polluted beaches, devastated fishing villages and western habits of doubtful morality. The only true eco-traveller stays at home.

Not so, others say. At its best, tourism promotes understanding, spreads wealth and can contribute to the environment. For those wishing to give eco-travel a go, here are a few ideas:

■ Earthwatch (tel: 0865-311-600) is a non-profit-making organisation that matches scientists and archaeologists with volunteers keen to work on research and conservation projects. The Earthwatch magazine, which comes six times a year to members paying a £22 subscription, is bursting with 140 projects in 40 countries.

Members can count orang-utans in Indonesia, delve into volcanology in Russia, observe insect behaviour in Peru or honey possum habits in Australia, translate sea lion language in California, or dig for stone tools in Ireland's County Kerry. One project, for example, seeks to discover whether Carpathian wolves in south-east Poland kill the weakest or strongest members of red deer herds. Volunteers, paying £795 for two weeks, monitor deer and wolf populations and record the scars and antler measurements of wolf-killed deer. Earthwatch trips, not including flights, range from £400 to £1,500.

■ Discover the World (tel: 06977-48356) organises wildlife and wilderness holidays in conjunction with the World Wide Fund for Nature and the Whale and Dolphin Conservation Society. A significant portion of the booking fee is donated to the conservation group concerned. Groups are kept small "to reduce the environmental impact" and holidays are designed to benefit local economies.

A highlight is the chance to track pandas in a Chinese reserve at Wolong, the first time UK citizens have been allowed to do so. There are also trips to watch lemurs in Madagascar, polar bears in Spitsbergen and minke whales off the coast of Scotland. Holidays start at £295 (weekend breaks) soaring to more than £3,000 for whale watching in Japan.

■ Cox and Kings (tel: 071-931-9106) also organises one-off wildlife tours in conjunction with charities and puts out a brochure called Environmental Journeys. Holidays are planned with the help of naturalists and Cox and Kings buys an acre of rain forest in Belize for each booking made.

David Bellamy is guest lecturer on one tour to the Solomon Islands, due to depart in May 1993 (cost: £3,450). Defending the concept of eco-travel, Bellamy says: "Tourism is not going to go away, so it's got to be brought into line. Tourism of the right sort shows people what a wonderful place the world is, but how delicate and fragile it can be. It's a way of winning friends for the environmental movement."

■ Those who are in deadly earnest about eco-travel may consider signing up for Nols, a US-based, non-profit-making group which teaches outdoor skills, "low-impact wilderness living" and respect for the environment.

Nols' expeditions – to the Rocky Mountains, Pacific north-west America, Alaska, Mexico, Chile and Kenya – encourage participants to become self-sufficient in the wilderness. The idea is to leave no trace of your presence behind; toilet paper is banned while picnic and camp sites are scuffed over. This is not just an adventure holiday, the brochure stresses. "Nols is a school where pencils and notebooks are as necessary as backpacks, ropes and tents. Our classroom is the wilderness."

Those thinking of signing up need to be pretty fit, or be prepared to become so. Nols caters for people from 14 to 75, though many of its customers are of student age. However, the brochure contains a special section for those over 25, mainly trips of two and three weeks. Expeditions start at reasonable prices and rise to £4,000 for three months in Patagonia. Contact: Nols, 288 Main Street, Lander, Wyoming 82520-0579, tel (from UK): 0101-307-332-6973.

Snapshot/**Auvergne**

Storms and solitude

THE WAR memorial was festooned with fairy lights, a halo of them placed around the stone cock at the top. The fir trees surrounding the memorial were plastered with tissue decorations. St Mamet-la-Salvetat, in the far south-west corner of Cantal, in the heartland of rural France, was *en fête*.

In the bar opposite the memorial Madame was not happy. Someone had just been sick in the toilets. In a big blue apron, she strode to the scene of the crime. At least two of the customers looked culpable. In the street outside there was much hand-shaking as neighbours greeted each other on their Sunday promenade, some of them calling at the boulangerie to pick up a treat.

On this particular afternoon there were no fire engines in the village's *centre de secours* (emergency services building) – just tractors and floats decorated for the fête. On the outskirts of the village the sound of guns was alerting everyone to the start of the *ball-trap*. Quite why these shooting contests are held *after* a typically vinous lunch is a mystery.

As we drove out of the village, towards the lake at St Etienne-Cantalès, the plastic bunting hung across the road started to clack in the wind and spots of rain began to fall. A spectacular thunderstorm with fork lightning and monsoon-like rain was about to mar the day's activities – though fortunately a French village fête usually lasts about four days.

As the storm rumbled in the distance, we made our way to the lake. Deserted and surrounded by trees, it was stunningly beautiful. Normally, if you seek Sunday afternoon tranquility, the lake is not a place to visit because hundreds of holidaymakers crowd its little beaches and the area buzzes with water sports enthusiasts. But on this day it was silent and grey.

The Auvergne has the capacity to absorb large numbers of tourists in its huge empty spaces and you can generally find complete peace. It is ideal countryside for those who enjoy fishing, picnicking by quiet streams and exploring the wooded and hilly countryside on foot.

Heathers and broom tumble over rocky outcrops. In summer harebells, rosebay willowherb, foxgloves and ferns proliferate in a landscape of water meadows and stone-roofed houses. Best of all is the smell of hay and wild garlic – and the absence of sunflowers.

If you want a bit of market day bustle, or are a serious food shopper, then you can visit a country market almost every day. Aurillac, the provincial capital, has markets on Wednesdays and Saturdays. Maurs, described as the Nice of the Cantal – goodness knows why, since it is clearly a small country town – has one on Thursdays.

A good way to sample any rural area is to base yourself in a small village – and walk. It may even help you sympathise with the EC agricultural policy. St Mamet is not much of a place, but it has two butchers, two general stores, two bakers, a post office and a chemist and a doctor.

Keen walkers will appreciate the local cuisine – fat sausages called Jesus, substantial pork dishes, stuffed cabbage, quail and freshly-caught river fish. Almost every charcutier will have large jars of tripe on the counter. If you cannot face tripe, choose Auvergne cheeses and country breads instead – perfect picnic food.

■ *Jill James travelled with VFB Holidays of Normandy House, High Street, Cheltenham, Glos. Tel: 0242-526338, fax: 0242-570340.*

Jill James

TRAVEL

Lost in the mists of freedom in Budapest

Raffishness is out, commerce is all-apparent, says Nick Haslam

THE most vivid image I have of my first visit to Budapest was of being awoken suddenly in the small hours. Obscure silent figures, swathed in heavy winter clothing, removed the floor boards under my bed at 4am and gathered sheaves of closely typewritten pages before disappearing into the night. My host, a university professor, apologised profusely the morning after, but explained that he was running a secret printing press, or *samizdat*, and that he was afraid of a police raid.

In spring, three years after the fall of the communists, I returned to meet old friends and to see how the atmosphere had changed.

Linden seeds floated softly down the wide boulevards by the Danube and the city looked its best under a bright spring sky. The scent of lilac blossom filled the air as the taxi climbed into the steep hills of Buda which overlook Pest and the rich Hungarian plains beyond. At the same book-lined spacious flat, my friends were waiting. They looked well, and after hugs and kisses we toasted each other in *palinka*, a fiery Transylvanian spirit.

No longer a teacher at the university, my friend told me that after the communists' fall he had started running his *samizdat* as a legal business. But free market forces are not quite what he thought. Dependent on state-owned book shops, which were still to be privatised, his company was being strangled by cash flow problems.

"We opened stalls on the streets, and sales of our books went well, but then the police dug out some ancient communist bye-law and the stalls were closed. So we are now really stuck". Banks were unaccustomed to bailing out ailing companies and the future looked bleak. He had also borrowed money to buy his flat from the council, but would soon be unable to meet the repayments.

When I gently explained that it was a familiar story for a westerner, he laughed ruefully. "It's true, but at least you had a boom before the crash – many of us are going bankrupt before we've even made a profit."

In the centre of Budapest, the change of political climate was clearly apparent. The dark forbidding squares I remembered from the winter of 1987 were now liberally decked in advertising hoardings and anything that moved seemed to convey some commercial message, from trams proclaiming the joys of Marlboro cigarettes to the incongruous sight of a gipsy carrying a sandwich board picturing voluptuous nudes for a nearby nightclub.

Before, drab state-owned department stores and brown painted corner shops offered little other than bizarre arrangements of goods piled dustily on each other. Now, elegantly dressed shoppers crowded the wide pedestrian precincts, where windows displayed western clothing.

Nyugati station, where I had made many anxious dawn departures for Romania laden with Hungarian books banned under Ceausescu's stifling regime, is a graceful building of yellow brick and glass designed by Eiffel in the 1870s. It came as a shock to see the elegant filigree of Victorian iron work adorned with the yellow and red of McDonalds.

As the week progressed, I made contact with friends, and found a similar story. In the old days we would meet in the Caravanserai, a raffish basement dive in Budapest's 8th district where many of the city's gipsies live.

Fights were common, but the police seldom went there and the gipsy band was excellent. When I suggested to a friend that we meet there, he laughed and said: "You're really out of touch. It's a topless bar now".

It seemed that the leisurely pace I remembered under the communists had evaporated. The night-long sessions of cards and discussion were no more – luxuries to be discarded under the pressure of coping with the new system. Most people are now busy struggling to make ends meet, or immersed in the engaging new sport of making a fast buck.

I had last met one friend, a striking Transylvanian girl, when we rattled through Romania in a battered Trabant delivering the highly illegal Hungarian books. If we had been caught, I would have been expelled, but she faced the possibility of a long prison sentence with admirable equanimity.

Now the Trabant has been replaced by a Golf and she is a partner in a highly successful chain of small boutiques. "My dear", she said, puffing on her king-size cigarette, "we really have to move with the times".

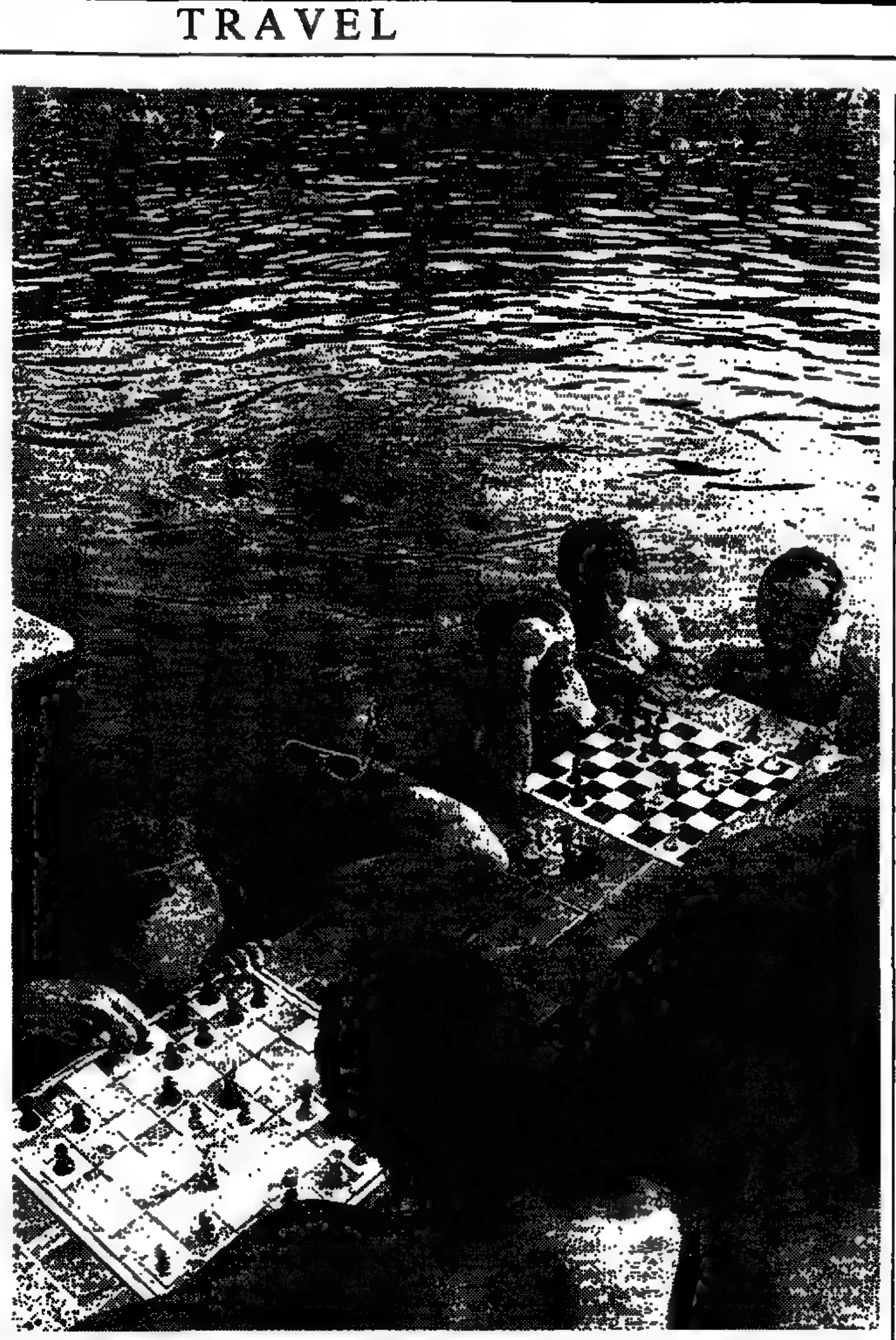
Not everything has changed. Hot springs still boil out of the Buda cliffs overlooking the Danube where for centuries numerous invaders from east and west washed off the mud of their journeys in piping hot mineral-rich waters.

My favourite, the Rudas baths, was gratifyingly gloomy and untouched since my last visit. Inside the domed stone building, built by the Turks 400 years ago, pot-bellied Hungarians wallowed contentedly while shafts of sunlight filtered through the steam from star-shaped blue glass lights.

The same masseur still made the usual conversation about English football teams, but when I asked him how life had changed under the new system, he became stern. He was paid, he said, only about £80 a month. Inflation was running at about 30 per cent. How could he keep a family under such conditions? As if he held me personally responsible, the massage was more than usually rough, and as I gingerly eased myself from the table I felt like a spineless capitalist lackey.

On the eve of my departure, I finally asked one friend whether there was nothing he missed from the communist years. To my surprise, he looked slightly shame-faced. "You know", he said, "it's rather like my military service. I hated every minute, yet looking back it was one of the biggest laughs of my life. You knew where you were, where you could kick and how hard. Now... well, I think we're all a bit lost".

■ Nick Haslam flew to Budapest c/o British Airways. For reservations tel: 081-897-4000. Apex return fares from London Heathrow start at £268.



Your move: chess players in the warm waters of the Szechenyi baths in Budapest

Snapshot/**Tibet**

Mobbed by many monks

WHEN I flew into Lhasa's airport the Chinese at the passport check barked at me to take off my sun-glasses. Knowing that you have done nothing wrong is no solace when confronted by Chinese officialdom. With a shaking hand I removed my glasses and was subjected to some harsh stares before being allowed to pass.

Since the Chinese invaded Tibet in 1959 they have tried to wipe out Tibetan culture. They call Tibet the "Treasure House," and have denuded its forests and strip-mined its land. It is hard to know who the Chinese think they are fooling with their attempts to whitewash their horrific deeds. There is now a massive programme of reconstruction in Lhasa: temples are being rebuilt and young Tibetans are being encouraged to become monks.

But this is only for the tourists. The Chinese need foreign currency and they have realised that foreigners will only go to Tibet if monasteries and monks are on the itinerary.

Arriving by aircraft prepares you for Tibet's bleak but beautiful landscape of arid brown mountains and burning azure lakes, but not for the razor-thin air.

I gasped my way on to the bus, but was soon transfixed by everything we passed. Yaks are the only mammals, apart from man, which can live at high altitudes for extended periods, and as we drove the 90 kilometres into Lhasa, I saw yak dung used for houses, yak skin for boats, and yaks sporting red ribbons working in the barley fields.

Chinese government policy ensures that there are now more Chinese in Lhasa than there are Tibetans, which perhaps explains why the military presence, although obvious, was low key; unfortunately, it takes little for the army to start shooting innocent civilians.

Why should the peace-loving Buddhist Tibetans be subjected to continual Chinese bombardment? This was the question which nagged me during my short stay.

This was nowhere more perplexing than in the grubby face of a child, who, bundled up on its mother's back, had come on a pilgrimage from the far reaches of Tibet and was being taken round the Drepung Monastery to worship and light butter lamps at each of the many different shrines. What kind of future could this child expect?

Packs of wild dogs guard the entrance to Drepung. It is said that the dogs are reincarnations of monks, something which our Tibetan guide dismissed as myth, but certainly each monastery has many fewer monks than in the past. Drepung now has 400 monks against the original 10,000.

The lined faces of the elderly monks have experienced so much hardship, yet they remain proud and eager to show off their monastery. I was mobbed by about 30 of the younger monks. Inside pilgrims leave white scarves and money and prostrate themselves before the shrines.

Of the 1,000 rooms in the Potala, I was allowed to visit only six. The Potala was used as the winter palace by the Dalai Lamas, and – contrary to what I had been told – there were many photographs of the present Dalai Lama both here and throughout Lhasa.

The Jokhang Temple, in the heart of town, was almost destroyed in the Cultural Revolution. It is being thoroughly restored, but if the Chinese think they are restoring it only as a museum to attract foreigners, they are mistaken. I was moved by the religious feelings of the pilgrims, who often spend months travelling to Lhasa and who fill the courtyard with their prostrate bodies. Prayer is a quietly powerful act of resistance; how it must madden the Chinese to have it around them all the time.

Sarah Anderson

Snapshot/**Sherkin Island**

Pirate tales from Ireland

AS WE stepped onto the pier and turned to watch the boat chug away on its 10-minute journey back to Baltimore, I felt marooned. The feeling became more acute when I noticed that most of the dozen or so passengers who had accompanied us on the ferry had vanished.

The Baltimore we had left is the one on the south-west coast of County Cork, not its illustrious namesake in Maryland, which it resembles not at all. Ireland's Baltimore is a picturesque little port at the end of a cul-de-sac from Skibereen. It was never designed with the car in mind, much less the tourist coach, and makes no concessions to either.

Access and parking are restricted only by the volume of traffic present, so that on a busy day it may take as long as 30 minutes to enter or leave the village. The shops, bars, restaurants and houses, painted in brilliant colours, have been squeezed against the harbour by the surrounding hills, and have bulged up the slopes and out onto the coastal cliffs.

There is one notable American connection, however, though it may well be apocryphal. President George Bush claims that his ancestors came from here, and while this is treated with some scepticism in political circles, the surname Bushe has been common in the area for several generations.

We had parked the car, with some difficulty, and taken the first ferry of the day to Sherkin Island. Other ferries would be making the short crossing roughly every two hours until 9pm. The infrequency of trips, together with the fact than the ferries cannot carry more than about 15 passengers, restrict the number of visitors to the island. We were looking forward to a quiet, relaxing day.

Sherkin Island is about three miles long by a mile wide and lies only just off the mainland, but it feels like the last outpost. It rises above the Atlantic in a series of cliffs which act as a bulwark between Baltimore harbour and the southerly gales.

Constant battering by the sea has hollowed caves out of the rock, and sculpted deep coves, so that in places the island narrows to no more than a few hundred yards. Horseshoe Harbour, Kinish Harbour, West Bay – the names sound as though plucked from a boys' adventure story.

Indeed, piracy was once a major industry here, providing the wealth of the powerful O'Driscoll clan, which ruled more than 1,000 square miles of west Cork during Elizabethan times. Dunna Long castle, on the northern peninsula of Sherkin, was one of nine built around Baltimore and the nearby islands by the O'Driscolls.

In 1537 the castle was destroyed during an invasion of the island by men from Waterford, in response to the seizure of one of their ships that had sought shelter in Baltimore harbour. Also sacked was the Franciscan abbey, the ruins of which stand on a slight rise above the pier.

We strolled along the narrow road in the direction of the sandy beaches of West Harbour, passing slopes of dense shrubbery, heather and bracken, and along the shore of Kinish Harbour, fringed with bladder wrack. Two girls, also passengers on the ferry, walked ahead of us. A woman stood on a ladder, painting a house. There was no other sign of human activity.

After 30 minutes, we reached the beaches. Small, sandy and rimmed by low cliffs, they were deserted, and lapped by clear green water. Only the peninsulas of Kerry and Cork, and the tiny islets known as Carbery's Hundred, lie farther west into the Gulf stream. The largest of these, Cape Clear, hung above the sea, its head hidden in the morning haze.

Throughout the afternoon, small groups joined us on the beach, each arrival signifying another ferry trip from Baltimore. At no time, however, were there more than a few dozen.

There was no rowdiness or vulgarity here, only the soft sounds of well-behaved people enjoying a desert island beach, the beauty of which would rival anything in the Mediterranean. It is unlikely that Sherkin will ever be any different.

Anthony Toole

Ven and now . . . the Grade I-listed country house near Sherborne, Dorset, sold recently for more than £1.1m

Georgian's enduring appeal

***Gerald Cadogan** looks at the continuing demand for houses with that classical touch*

WHY DO the British love Georgian? Was the 18th century special, as the estate agents and Prince Charles demand we believe (despite many houses of that age having been jerry-built?) Or is it a desire that shows more about 20th century yearnings than the buildings themselves?

These questions are pertinent. Fine Georgian houses are on the market. And the crisis of national identity, that has been worsening steadily since the first world war and is now acute, bestows a powerful appeal on the rational, confident certainty of 18th century architecture.

Georgian was not always popular. The Victorians had little time for it. With their pinnacled, neo-Gothic buildings, they strained to reflect their prowess in technology and trade while also leading the conscience towards God. The ubiquitous nooks and recesses symbolise, in buildings that looked like medieval churches, a culture that dispensed the same justice in Bombay as in the Strand.

In the universal loss of faith of the 20th century, this Victorian power play of crockets, pinnacles and polychrome brickwork looked dangerous. Sensible Georgian came back to fashion, and the Georgian Group was founded in 1937 to ensure that it was looked after.

With Georgian, large and well-lit rooms leave no space for private scheming and fantasies. Life is in public. You know where you are, and how you relate to everybody else. The Georgian drawing room is a microcosm of an ordered world. No wonder the British like them.

In the 17th century, Inigo Jones propounded the ideas of a 16th century Italian, Andrea Palladio, who wrote of the need for great men to have grand country houses in which to rest and recover from the city's roar – and built them. Palladio's so-called villas in the Veneto are metropolitan splendour and classical style transposed to the country and married to a barn, as they all live off the land.

But the English civil war, and the arrival of Dutch styles with William and Mary, stopped the clock on British Palladianism until disorder ceased in the 18th century. Then the British invested with gusto in grand buildings in the country, transforming swathes of landscape, moving villages for lakes, decking the houses with pictures and furniture bought on the grand tour, importing Italian plasterers, and commissioning a galaxy of brilliant architects to create the nation's stately homes.

Georgian today has an aura of pre-Industrial Revolution nostalgia, when all knew their place. That combines with the clean lines of rooms designed to make the English (who have shyness problems the Irish, Scots and Welsh do not) lose their inhibitions and start to behave as public people. (The roots of Georgian are, after all, in the Mediterranean). And it carries memories of classical education.

So, people want Georgian. It is the paradigm of the civilised, ordered life, uncluttered by the demands of religious superstition (in which they do not believe now and hardly did in the 18th century). Live in a Georgian house and you are breathing a better lifestyle.

Even in the recession, Georgian sells, beating its guide prices. The splendid Old Rectory at Amersham, Buckinghamshire, has just gone for more than £1m and the Grade I-listed Ven, near Sherborne, Dorset, for over £1.1m (both through Knight Frank & Rutley). At the easier guide price of £475,000, Lane Fox (0285-653101) offers Brook House in Painswick, between Cirencester and Cheltenham, a 17th century house lurking behind a Georgian front – as many apparently Georgian houses turn out to be. (You hit your head on the beams in the back part).

Buy Georgian in Hampshire and you are close to where Jane Austen lived. James Harris (0962-841-842) has several attractive houses near Winchester and Petersfield, well placed for getting to London by the M3.

A few miles from Lady Thatcher's Lincolnshire birthplace of Grantham, the £210,000 guide price for the substantial George IV old rectory at Great Ponton is far cheaper than it would be in the south-east. Carter Jonas (0733-68100) is the agent and hunting is with the Belvoir.

A century older is the old rectory at Otterden, Kent, where the porch and gables still show Dutch influence. With four acres of serious gardens, it is being offered by Strutt & Parker (0227-451-123) at £475,000.

Brockhampton House in Herefordshire, built in 1765 and listed Grade II, is an unusual opportunity. The red brick house and gardens, including a secret grotto, have a lease running to 2063. (The freeholder is the National Trust, which owns the estate).

Thomas Farnolls Pritchard, best known for designing the Iron Bridge at Coalbrookdale, near Telford, Shropshire, was the architect. He put in rich ceilings and fireplaces and the designs include an emblem with a sheet of music including the then newly-written national anthem. The whole house has been restored in a way that matches its patriotic and comfortable heritage.

The asking price is £550,000 from Andrew Grant (0905-24477), or try the agent's two other substantial brick houses: Kyrewood House at Tenbury Wells and Morton Hall near Redditch.

Going north produces two important houses. One is the 1720-1840 Rusland Hall in Cumbria, which has permission for conversion to a country house hotel – an unlikely event at present, probably, but there are 11 bedrooms and eight bathrooms – and is offered by Cluttons (0228-74792) at more than £850,000.

Scotstoun near Peebles, Scotland, is a most handsome late-18th century house with a classic, pedimented facade. The painted centrepiece of crossed wheat sheafs on the library ceiling depicts "harvest." This epitome of food, learning and wealth, with 125 acres of parks and woods, is on offer at over £650,000 from Knight Frank & Rutley (031-225-7105).

Try Cyprus for the good life

*But don't pass dud cheques, warns **Gerald Cadogan***

APHRODITE'S island, where the goddess of love rose from the waves, is an easy, welcoming place to live. Everybody in Cyprus knows some English – and has relatives in north London.

Food is good and cheap. The grazer's delight is the multi-course meze. This friendly affair for two or more people starts with pickled caper plants, wild greens and other tidbits and continues through fish and stews to a large grill.

Cypriot vegetables and fruit are heavenly. As they grow so fast, they are both big and tender. (In Paphos, do not miss the market).

The World Service's signature tune of *Lullibolero* floats around Cyprus. Reception is excellent, as the transmitter for the Middle East is between Larnaca and Limassol. And there is the forces' BFBS station.

The *Cyprus Weekly*, a lively *Daily Mail*-style newspaper, complements the country's news with full accounts of expatriate events. The daily paper is the *Cyprus Mail*, and TV has English and Turkish bulletins as well as Greek.

Barclays bank has branches in Cyprus and the Cypriot banks have branches in England, so it is easy to send in money. Cheques are accepted with an ease long disappeared in Britain. (But if you pass a dud, the police will find you quickly).

Driving has much the same rules as in Britain, including a breath test. The new toll-free motorways make it easy to get around, and there is an excellent system of inter-city communal taxis. The taxi, a large Mercedes, goes round the town to collect passengers and drives them at breathless speed down the motorway, dropping them off at the other end.

Much business is done in English and much of daily life is familiar. Electricity works with square-ended three-point plugs on the same voltage as the UK.

The water is safe – and this year has been plentiful – and there is good bottled water. Usually, you cook using bottled gas. The village shops get daily deliveries of bread and milk.

Cyprus brews two beers, Carlsberg lager and Keo, which tastes like English beer.

There are good wines and plenty of brandy. Mix it with lemon squash or fresh lemon juice (better) and soda water and a dash of bitters to make a brandy sour. Filfar is an orange liqueur similar to Curaçao. All liquor is very cheap.

Flights to and from Cyprus usually are packed. Make sure to reconfirm and turn up early. Charter flights have more restrictions than in Greece or Spain, with the result that Cyprus welcomes a more solid type of British tourist than those delivered with their flying beer cans to other countries. The young may be questioned hard at immigration if they look as if they do not have enough money.

If you have difficulty getting seats, go to a Cypriot travel agent. He knows the ropes, as most of his clients will be Cypriot-Britons returning for holidays to their former home.

If you fly on Cyprus Airways, you will know you are on the right aircraft when you hear the stewardesses speaking Greek with a north London accent.

GARDENING

Weeds in pots at £2 a time (each)

*When does a plant become a weed? When **Robin Lane Fox** decides to poison, burn or uproot it*

WISHFUL gardeners have already declared the season at an end; non-gardeners are thankful that they never let it start; in my garden, it never seems to stop. My strategy for the winter is simple: start early, and remain bent double until the rain stops play. Recently, I have swung back in favour of winter planting, because plants can be bought in winter from the open ground, not the misleading shelter of a polythene tunnel. Besides planting, there is so much to invent or alter that unless I start now, it will never stop.

As in life, so in the garden, the worst problems are of one's own making. Four years ago, I set out with virgin soil on which nothing was growing except some harmless lawn turf. I made new borders; the mood was adventurous; optimism still ran high. Surely there were under-rated winners in all those catalogues which Weekend FT readers would love to try in the 1990s? Winners indeed there were, particularly among smaller plants like campanulas (I recommend Tymonsii) and the lesser-known varieties of roses bred in the 1950s (Mme Louis Laperriere is still in flower, a strong, deep red).

Naturally there were also losers, not least the soft penstemons which died *en masse* in the first sharp frost after I had praised them to the skies. There were also plants which I had not expected: space invaders, whose habits were utterly unmanageable. As a result, I am in an embarrassing position: I have bought my own invasive weeds.

Why do nurserymen not give us more warning? Their descriptions are seductive and I have fallen for them, from Verbena Gravetye Gem with a haze of violet flowers in late summer to Achillea Perrys White which is said to be so much better than the well-known form called The Pearl. Both of them run so badly that they have had to be poisoned. So, in places, has a Geranium called Thurstonianum, a rose bay willow herb with fragile white flowers, a variegated groundholder which lost its variegation and an awful little celandine with a well-deserved name of Brazen Hussy.

Why did I allow these invaders on to the place? Some of them were presents. In the first year, they flourished. In the second year they ran wild and have been a menace ever since. Before you buy an unknown performer, be certain that it is not a weed. If in doubt, ask. Remember that a high price is no guarantee of quality.

In many lists you will find a Korean Campanula called Takesimana. Nurserymen praise the beauty of its spotted flowers, nobody explains that it runs wild like Ladies Mantle, perhaps because many of them sell Ladies Mantle too, at £1.80 a plant. Admittedly, Campanula Rapunculoides is even worse. All the books of my childhood tried to deter readers from trying it, and so I bought one, just to be sure. It cost about £3 and after six weeks had developed white roots like fangs and had to be burnt before it started jungle warfare.

I suspect that many nurserymen do not know what some of their plants will do when mature. We all went wild for the white-flowered Lavatera Barnsley before anyone explained that it had space-invasive qualities: surely the first suppliers knew? I have developed my own suspicions: never trust unknown soapwort, and above all avoid any highly-praised form of dock. Catalogues call them rumex which may conceal their habit.

Three years ago, I bought an attractive dock in the pot because it had silver leaves like shields. At the time, even *The Plant Finder* hesitated about its existence: might Rumex Scutatus be the Weekend FT find of the year.

Once again, it is a weed in disguise: if you see it, curse it because it seeds and worst of all, puts out roots which are so fragile that you are never rid of them entirely. The young leaf looks enchanting but like some fatal beauty, the plant takes over your life. Stems sprawl everywhere; rust-coloured flowers throw seeds in all directions and one innocent pot-plant becomes a sprawling blanket, nearly a yard wide. I buried mine in long grass but it is equal to the fight. It might make an alternative ground-cover wherever you are bothered with buttercups.

These weeds, and others, cost good money, forcing us to wonder when a weed becomes a weed, not a garden plant. I used to rally to the old liberal definition, that a weed was a plant in the wrong place. It now seems to me to be a wet, soggy definition.

Weeds are invaders with take-over tendencies which have to be fought to be controlled. Whoever defined an *enemy as a soldier* in the wrong place? Toughening my tactics, I am beginning this season of re-arrangement in a pugnacious way. I am starting by poisoning plants which I bought less than five years ago.

The comprehensive guide to Jekyll and her genius

Arthur Hellyer praises a new book on the designer who made history

ONE hundred years ago, Gertrude Jekyll was just emerging on the garden scene as an impressive new voice on design and, in particular, on the use of plants in gardens. Today, her influence seems as great as ever. Her books are available again and new works on her life and her place in garden history are being produced.

The latest of these, *The Gardens of Gertrude Jekyll* (Frances Lincoln, £20), is by Richard Bisgrove, a lecturer at Reading University, near London, and an expert in garden design. It is the most comprehensive study I have seen of the garden-making ideas of this astonishingly prolific lady.

Something like 2,000 of her plans are stored in the library of the University of California at Berkeley, near San Francisco – all, I think, drawn in black and white. Bisgrove examined the lot and made a selection. He then re-drew them in colour, partly for clarity but also to imbue himself with the logic and feeling for form and colour that combine to make the essential Jekyll style.

There are not, I think, any Jekyll gardens that have survived the years unaltered by their owners, but a number have been restored and there are also Jekyll's own photographs to show what some of them looked like.

Because she was associated closely with William Robinson, a gardening writer and editor for whom she worked extensively, it has been assumed that the two of them had similar ideas about garden-making, but this is not really so. Her vision was wider than his and she never ruled out formality or the use of temporary bedding-out plants to maintain colour in the garden.

Some of her best planting schemes are for the gardens which the architect Sir Edwin Lutyens was accustomed to design for the many fine houses he planned, most especially during the early years of the century. Most of these gardens were essentially formal in design.

In this book, for the sake of clarity, the gardens have been divided into fairly arbitrary groups, which have been given chapter headings. There is one on garden-making as a whole; this looks especially at Jekyll's painterly vision, for she was also an accomplished artist. Weak eyesight was one reason she gave this up.

A second chapter, which includes several gardens in America, is used to reveal the great diversity of her styles. There is no such thing as a single simple Jekyll garden but always a feeling for the special needs of the site in question.

A third chapter includes the recently restored garden of the Manor House, Upton Grey, Hampshire, and four other gardens to highlight Jekyll's use of plant associations. I saw the Manor House this past summer and found it deeply interesting for its division into two sections that are entirely different in manner.

On one side of the house, there is a garden of flowing lines and a Robinsonian type of natural garden-making. On the other is a much more regular design, with high terrace retaining walls planted freely and with careful colour contrasts. There is also a long pergola as a central feature.

This garden is open to the public occasionally for charity and so can be used as a living guide to two of Miss Jekyll's methods of garden-making, for here she was on her own without guidance from Lutyens or anyone else.

There is a chapter on formal gardens which includes Hestercombe, a very fine Lutyens garden. It has been restored faithfully by the Somersetshire fire brigade, which uses the place as its headquarters. The massive stone-pillared pergola here is very typical of the Lutyens-Jekyll partnership. The garden is full of delightful detail including an entirely formal parterre of beds in the centre, planted with bergenias and other Jekyll favourite perennials.

Other chapters deal with Shrubs, Wild Gardens, Steps and Walls, Sun and Shade and with Jekyll's favourite plants. In all of these, Bisgrove proves himself a perceptive guide.

This is a book that can be read cover to cover – but one to which people will refer time and again over the years.

The Jekyll vision . . . part of the restored garden of the Manor House at Upton Grey, Hampshire

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SPORT

Motoring

Europe bows to Japanese

***Stuart Marshall** predicts a first in the Car of the Year voting*

FOR THE first time, it looks odds-on that Europe's Car of the Year will be Japanese. The jury is out and the verdict will be delivered next week. But I am confident of my forecast unless more than usual of the 59 motoring journalists involved vote nationalistically or perversely – and some always do just that.

One look at the list of eligible vehicles is enough to prove my point. There are 15 entrants, but only 12 completely different cars if you accept that the Mazda 626 and MX6, Mitsubishi Colt and Lancer, and Mitsubishi Space Runner and Space Wagon are variations on themes rather than separate entities. Only three of the 12 – the Alfa 155, Fiat Cinquecento and Renault Safrane – are completely European products.

The two likeliest winners, the Nissan Micra and Toyota Carina E, have Japanese names but were created mainly for European buyers. They are being made in Britain. Micras come from the plant at Washington, County Durham, which for five years has been supplying Europe with Bluebirds and, more recently, Primeras.

The Carina E (the E stands for Excellence in Europe) will be rolling off the assembly tracks at Burnaston, Derbyshire, by January but its engines are being produced already at Shotton, north Wales; some are being exported to Japan. So if, as I predict, the Micra and Carina E become winner and runner-up, the victory will be Anglo-Japanese rather than purely Japanese.

First, though, a look at the runners as they parade in the paddock.

The Alfa 155, a four-door saloon with front-wheel drive and a Twin Spark four-cylinder or V6 engine, is a pleasant car with sporting overtones but not in the running for the award.

More of the jury's votes (members have 25 each) will go to the Fiat Cinquecento, due in Britain early next year. Compared with Japanese micro-cars, it is simple and low-tech. But it *is small*, cheap *and* economical. Jurors with an eye on the environment will favour it.

The medium-large Renault Safrane is the Renault 25 replacement; it arrives in Britain in January. Its comfort will appeal to many a business user but it is hardly a Car of the Year.

The Micra should win because it brings business car standards of refinement to the runabout-cum-small family car segment. It can be had with power steering, ABS brakes, air-conditioning, and an advanced form of automatic transmission.

The Carina E should be close behind, not least because it raises quality standards in the 1.6 to two-litre family-cum-fleet class to new heights. (Toyota's Camry and Lexus did the same for the middle and top management segments).

The latest Corolla also brings similar executive-class refinement to the mainly retail buyers of small/medium cars.

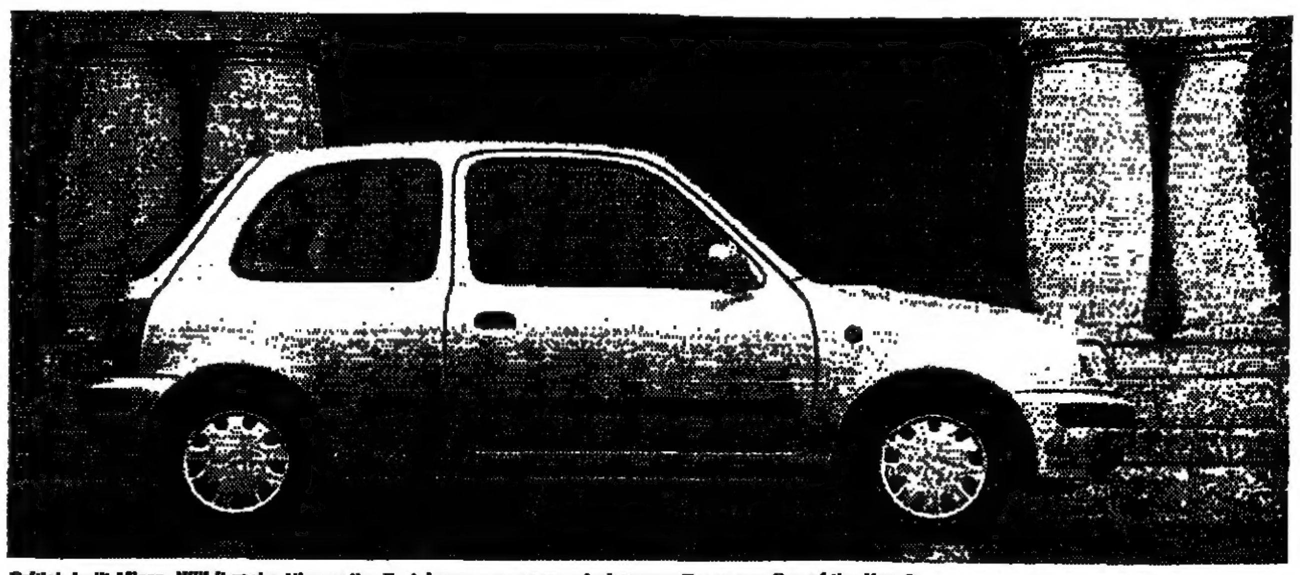
The 2.1-litre, 185-horsepower Honda Prelude high performance coupé is being touted as Europe's safest car. It has driver and passenger airbags and four-wheel steering and might appeal to buyers who lust after, but cannot afford, a Mercedes-Benz SL.

Honda's CRX two-seater has a neat hardtop which stows under the boot lid. It is a civilised and entertaining sports car for the 1990s.

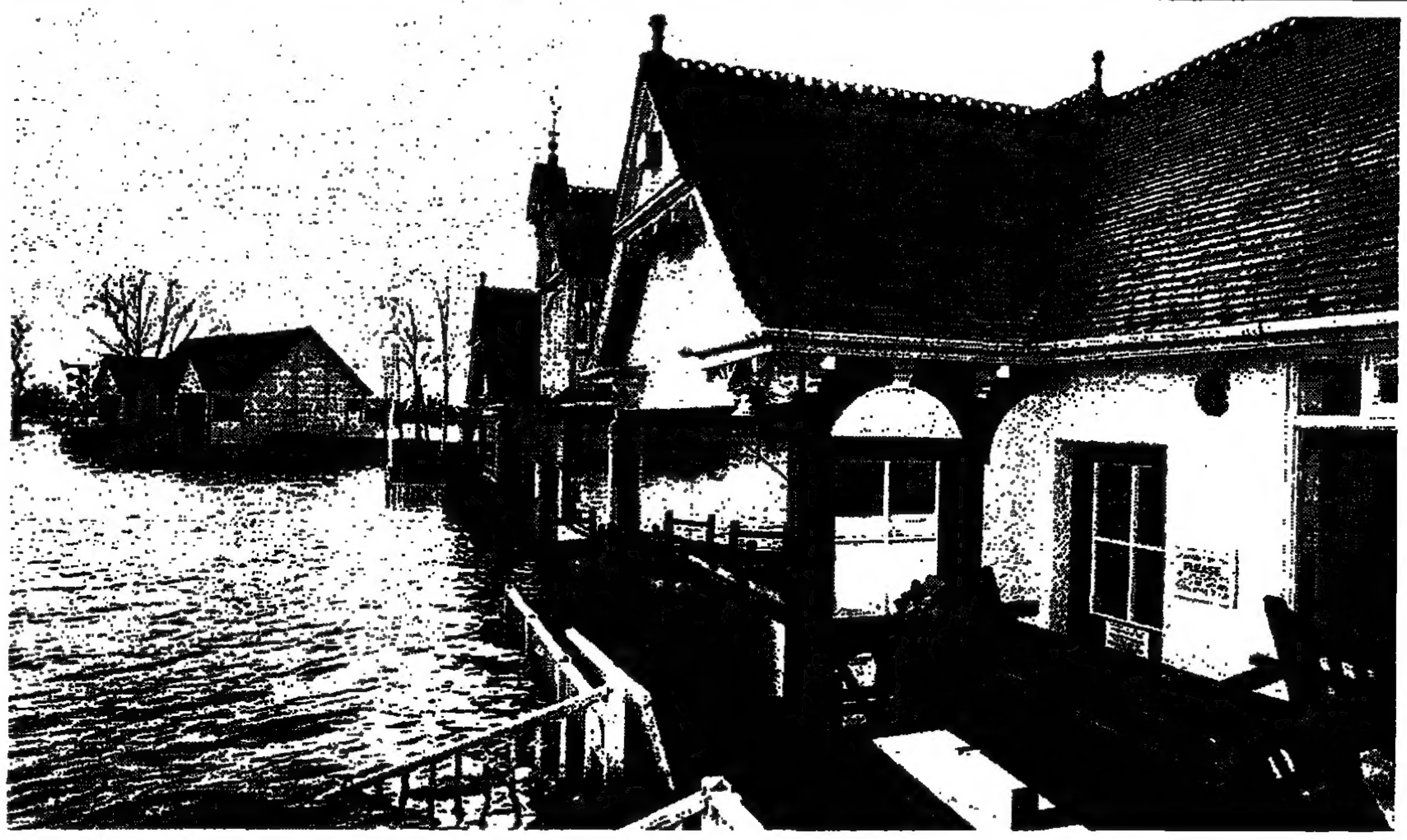
The sleekly-styled Mazda 626, MX6 coupé and Xedos models may pick up votes because they feature some of the smallest V6 engines in production.

The Mitsubishi Colt and Lancer are two more examples of the crop of high quality small and small/medium Japanese cars. The Mitsubishi Space Runner and Space Wagon are multi-purpose vehicles costing no more than typical family hatchbacks. All are good, but not Car of the Year material.

Were I making a book on the result, I would offer these odds: 4-5 Nissan Micra; evens Toyota Carina E; 3-1 Honda Prelude and CRX, Toyota Corolla; 5-1 Fiat Cinquecento and Renault Safrane; 7-1 Mazda 626; 10-1 Mazda MX6 and Xedos; 12-1 Mitsubishi Space Runner and Space Wagon; 20-1 Mitsubshi Colt and Lancer; 50-1 Alfa 155.



British-built Micra. Will it make Nissan the first Japanese marque to become European Car of the Year?



Winter's work: the county ground at Worcester under flood water from the River Severn, interupting the groundsmen's off-season labours

Cricket

Autumn in summer's realms

Teresa Mclean makes a November tour of England's county cricket grounds

I HAVE always thought November is a dismal month; dark early, cold all day, harbinger of a long, bleak winter without any cricket.

The county cricket staff who work all year round chat cheerfully about the players and summertime staff, with just a whiff of moral superiority. Not for the all-year-round brigade the soft options of migration or hibernation when the cold weather bites.

"Oh, we're a hive of industry," boasted Phillip August, Gloucestershire's secretary, when I asked him what the county ground at Bristol was like in November.

"We work a bloody sight harder in winter than summer," laughed the Rev Michael Vockins, secretary of Worcestershire.

The Headingley style was more dour. It was raining in Yorkshire. "We're at it 52 weeks a year."

Most players and staff take their holidays in late September and early October, when the season is safely over. Then from mid-October until April the non-playing staff come into their own.

"It's different sort of work," mused Vockins, with the air of one who enjoys thinking about his job. "The summer is six months of peaks and troughs, home games and away games. The winter is six months of steady work towards the target of the new season. That's why it's hard."

For groundsmen it is always hard, whatever the season, whatever the weather. It is intrinsic in their job to be battling against nature. Whereas office staff work comfortably, inside, groundsmen start their "rescue work" on the grass as soon as the season is over and keep it up all year round. When I rang Bristol on a bitter November afternoon, their groundsmen were out, working on the square. August described with relish their spiking, trimming, treating, feeding, filling and repairing.

Surrey's press secretary (now known as a public relations executive), Kate Hempstall, gave a more openly sadistic appreciation. "When it's really, really cold or frozen, we let them in," she chuckled. "They can sew up nets."

Surrey are not a typical county because the Oval is a Test as well as county ground. It has four full-time groundstaff, led by Harry Brind, a man of few words, cold knuckles and long experience. But even in small counties the head groundsman often has an assistant, who is usually part-time, often a player looking for winter work.

"This is a grim time for players in search of jobs," said August, losing his good cheer for a moment. It soon returned. "We've been trying to get unemployed cricketers to help with jobs here – painting, mending seats, fixing fences – that sort of thing."

Surrey's November newsletter includes a list of 20 first and second XI players, with a description of what they are doing this winter. Only two are working their own way through until next spring. Alec Stewart (England), Graham Thorpe (England 'A') and Waqar Younis (Pakistan) are going on tour, to India and Sri Lanka, Australia and the West Indies respectively. Eight others are going overseas, for playing and coaching purposes. Seven are working at cricket schools and leisure centres in the wilds and heartlands of Surrey, from East Moseley to Guildford. Thanks to the tireless efforts of the National Cricket Association and of counties and local sponsors wanting home-grown players, an increasing number of players spend their winter months like these seven, as "cricket development officers".

"With the help of a local sponsor, we had an assistant coach last year, for the first time," Vockins told me from Worcester, "spreading the word in schools. It was such a success that we're doing it again this year. This year he's a cricket development officer."

Next year a positive cricket person? The only thing as widespread as the jargon polluting cricket's language is the re-building of pavilions. Almost everyone seems to be re-building their pavilions. But it is not called re-building; re-builds and repairs are out of favour. It is called re-shaping, re-fashioning, up-grading or, best of all, "activating the pavilion restoration scheme" (Surrey).

All this pavilion work is partly for the comfort of members and players and partly because modern cricket grounds get a good share of their income from renting out their pavilions in autumn and winter, for use as conference centres and exhibition halls, for wedding receptions, sports club lunches and dinners and a variety of other *entertainments. Most county grounds* can provide parking and catering for large numbers. All that is then required is a re-fashioned pavilion. That is why the marketing men make good in the cold and dark. The more depressing the weather, the more attractive the pavilions and "sporting social facilities" they can dangle in front of their customers. Or is it clients?

There are bookings for next season's hospitality boxes, there are health and fitness centres (gyms) and even stretches of open ground on offer. Bristol has a bigger crowd for the huge firework display staged there on Guy Fawkes weekend than for any of its cricket matches.

The marketing of counties' off-season attributes is such an intense business that it was quite a relief to return to the determinedly everyday atmosphere of Headingley. Whatever the big financial operations going on, the man who answered the phone only wanted to talk about life in the office where he worked. That is: the preparation of brochures, year books, newsletters, membership forms, diaries and Christmas raffle tickets and, the biggest boost of the non-cricket season so far, the launch of the Sunday League's 1993 *technicolour kit in all its nylon glory*, with all its mail-order, chat-show mystique. "Quite a thing, that."

It was quite a thing at most grounds, where the office staff are the silent perennials whose labours keep first-class cricket going. The public launch of the new outfits made a change from everyday routine. Nowadays that routine includes the regular tightening up of security. Trouble often amounts to no more than "splashing a bit of paint around the seats", as at Bristol.

At neighbouring Worcester, Vockins spoke almost nostalgically of the bad old days. "Twenty years ago we used to say that all Worcestershire burglars began their careers here." But crime is not what it used to be. "Things are *quieter now.*"

At bigger grounds the problem is bigger and the response tougher. At the Oval, where break-ins are frequent and the new Ken Barrington sports centre was broken into and looted a few weeks ago, the whole security system is being strengthened. Surrey, like all the counties I contacted, has a fellowship of loyal office staff who mourn their counties' misfortunes, with an eye to an improving future. At the Oval they are already selling tickets for next season's Test Match against the Australians. In the office at Glamorgan they are adept at hoping for the best, or at least for better, next season. Even in Yorkshire, apparently, "you never know."

Golf/**John Hopkins**

Where I put my elephant's trunk

John Hopkins on the delights of designing a lawn with a hole in it

BERNARD Darwin did for golf what William Hazlitt did for boxing. He was the game's first essayist and he remains its best. In *The Links of Eiderdown* he writes winningly about having to spend a day confined to bed.

Darwin outlines some of the expected joys of such a day before coming to a passage in which he describes how, while lying in bed, he begins to see a series of golf holes formed by the undulations of his eiderdown, what he refers to as his "links of counterpane."

Moreover, he writes: "by undulating himself in bed the patient can in a moment change the contour of the course." He conveys his pleasure at such a discovery and of how he imagines that one such *hole resembled a hole* at Formby, another the sixth at Prince's and so on.

In this I hold an edge over Darwin, for so long the unbylined golf correspondent of *The Times*. To create the feel of designing a golf course I have no need to retire to bed, as he did, and place a tray with four legs (what he calls a bed-table) on my eiderdown to resemble trees standing in the middle of a fairway. I have done some course design already. A humble green it may be to you. To me, however, it was the whole cigar and to do it required a trip to Cork in south-west Ireland.

The site in question is the Fota island golf course that Peter McEvoy is designing, with help from Christy O'Connor Junior, for London & Edinburgh Trust. It is built on 300 of the 800 acres on the island.

McEvoy was my guide and the man to shoulder all the *blame for allowing me near the* green in question. I like him. The former Amateur champion has a sense of adventure, an ear for gossip, a nose for a good story. As we tramped over the course he said he had just returned from St Andrews where he had competed in the autumn medal of his club, the Royal & Ancient.

"I met a man there who had played five off the first tee of the Old course. He hit one drive out of bounds right, one out of bounds left. As the first hole has the widest fairway in golf, that is quite an impressive record, isn't it?" mused *McEvoy, a grin peeping out* from underneath his ginger moustache.

Soon we reached a crest. From our feet the land sloped gently down and in the distance, limning the course, was the sinuous estuary that led out to the Irish Sea.

"My only regret is that we couldn't get more holes playing downhill" said McEvoy. "With the water in the background it would have looked terrific. However, I walked the course from tee to green and then from green to tee. You have to do that. Designing a golf course is an art not a science. You have to get out there and see what it looks like and feels like under your feet. And having done so I could not think of a way to change my original routing."

We turned and headed to a far corner of the property.

"This is where I need some help" said McEvoy.

He pointed at the object of his concern – the green of a *par four hole, one of 400 yards* or so.

"I have in mind the 15th on the King's course at Gleneagles. I have no objection to a green that slopes away. It is the only one that does on the course. But I am not sure it is right. What do you think?"

I am a *minimalist*, in music, art and now in course design, happy to follow the words of Alister Mackenzie, who designed Cypress Point and much of Augusta National, which are two pretty impressive courses to be able to put on a curriculum vitae. Mackenzie said: "excellence of design is more felt than *fully* realised."

Unlike A W Tillinghast, the American course designer, who was known for the shape, or lack of it, of his bunkers, I had to concentrate only on the putting surface – and only the back half at that. Still, the moment I saw the green I knew what to do.

This green is big, 6,000 sq ft, and slopes down from front to back by as much as one metre by one estimate. That is too much, I thought at first.

I imagined myself, a 14 handicapper, hitting a four or five iron second shot that pitched *on the front of the putting surface* and raced to the back because I did not have the skill to put backspin on the ball, at least not with those sort of clubs. On behalf of mid to high handicap golfers I said I thought that it was a unfair. What should be done about it, McEvoy asked?

There are those who suggest a green is nothing more than a closely mown area with a flagstick stuck in the middle. They would probably say they know why the Mona Lisa is smiling and that Henry Moore's sculptures are merely pieces of marble hacked about a bit.

To us creative types, on the other hand, a green is a thing of subtlety, a surface of slopes and gradients, of barely visible challenges and screamingly obvious defences.

"A good golf course is like a good piece of music," said Mackenzie. "It is not necessarily a course that appeals the first time one plays it."

The surface soil on my green *was smooth but not flattened* to its final preparation and this heightened the impression of a green that was tilted too severely.

"It needs a mound on one side that would break the speed of the ball" I suggested. "Or what about a tier up to the back half?"

McEvoy looked thoughtful. "What we could have is a nose," he said finally. "A nose on a green is a ridge that runs in from the side. It is rather like the trunk of an elephant underneath a blanket."

"That would work," I said, walking to one side of the green and pointing to where I wanted the nose. "If you put it here then it would give you another pin placement behind it and help to stop balls racing through the green."

McEvoy pondered and then called in Mick, a green shaper of international repute.

"We think this green needs a nose *just there*," he said. Mick looked with his expert eye.

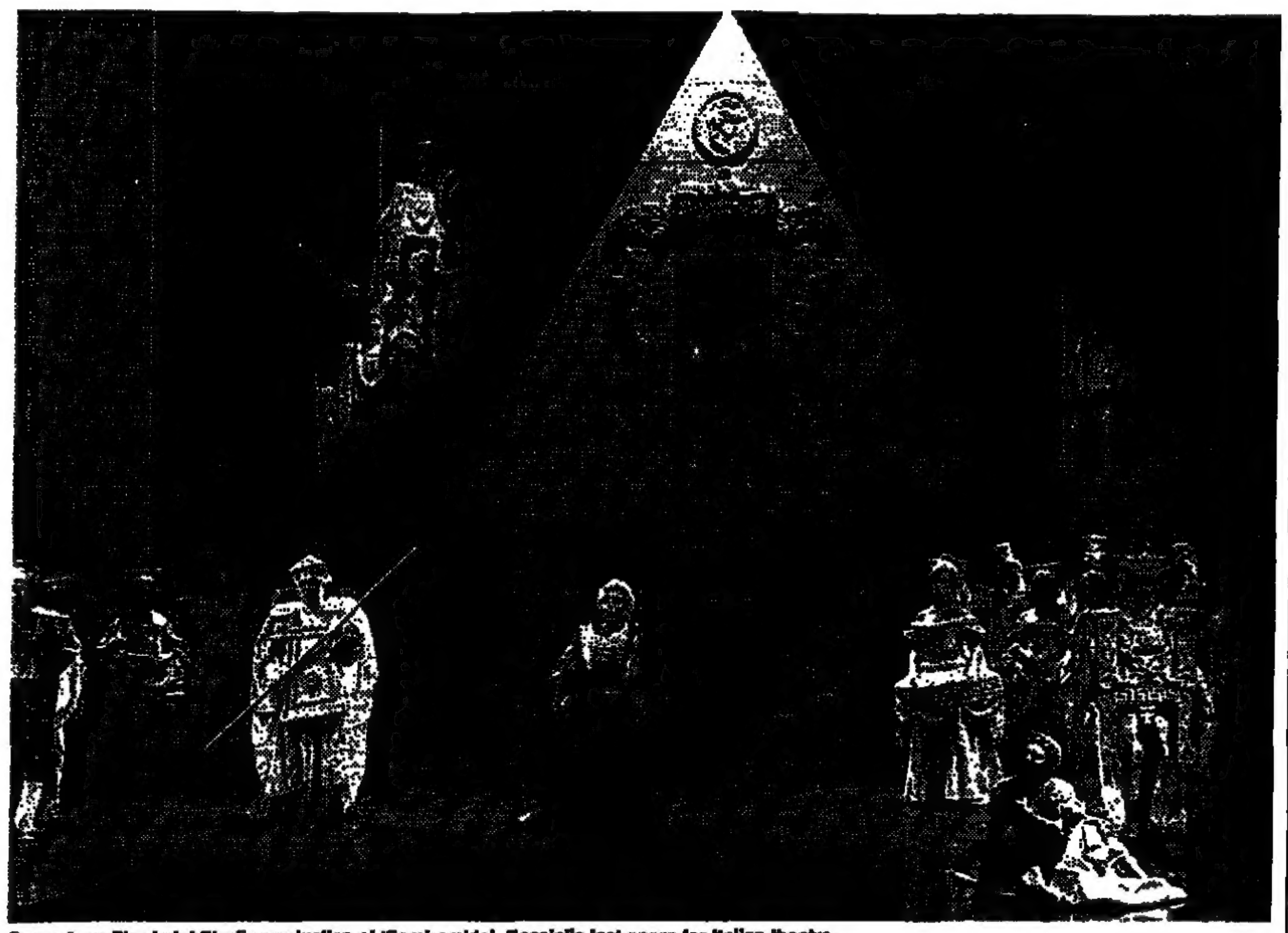
"OK," he said. "I will make a few passes [with his bulldozer] there after lunch. It will be finished by tea-time."

As we walked to the next tee, I turned and looked at the green. In my eyes it had become a thing of beauty. McEvoy caught a glimpse of me admiring my work. "There you are," he said. "Now you are a golf course designer. We will name it after you."

McEvoy made another visit to Fota Island last week and that evening we spoke on the telephone. He sounded happy.

"*Your green is looking really* good," he reported. "We are very pleased with it. You know what we have decided to call it? Hopkins's Folly."

ARTS



Scene from Pier Luigi Pizzi's production of 'Semiramide', Rossini's last opera for Italian theatre

Venice celebrates Rossini

William Weaver reviews 'Semiramide' at the Fenice

WHEN Rossini arrived in Venice in December of 1822, the city's lovely opera house, the Teatro La Fenice was 30 years old and so was Rossini. This year, while theatres all over the world are celebrating the bicentenary of the composer, Venice has been enjoying a double festivity, commemorating its own 200 years of musical life.

The Fenice has chosen to recall its illustrious past by presenting works that were commissioned by the house or that had their world premieres there: *Rigoletto* and *The Turn of the Screw* were heard earlier this year, *La traviata* is coming in March. Now, as the two celebrations merge, Rossini's *Semiramide*, completed in Venice and given at the Fenice on February 3, 1823, is enjoying a successful run.

After that first *Semiramide* Rossini and his wife Isabella Colbran – who created the title role – left for Paris, and the composer never wrote for an Italian theatre again. The present revival was delayed by strikes, the opera's production suffered some anticipatory attacks, and one of the results of the discontent was the resignation of the artistic director John Fisher. Finally, however, this *Semiramide* has opened, to a capacity house; and the performance – four hours including one interval – was greeted by enthusiastic applause.

As visitors to Pesaro last summer learned, an uncut performance of the opera can be so gripping that the time passes unheeded. For his, surely unconscious, farewell to Italian theatre, Rossini produced one of his richest, most generous scores, an irresistible torrent of musical invention, with golden opportunities for the singers and for the orchestra. Producer and designer was Pier Luigi Pizzi; the production was not new, but about a dozen years old. Pizzi, however, came to Venice to re-stage and revise it; and, in the event, it did not seem worn or tired. It seemed, however, perhaps dated. Its chilly, ice-cream white neo-classicism, in many respects handsome and monumental (including a pyramid tomb echoing Canova), warred with the empassioned intensity of the music. The kabuki-like anti-reality of the staging – singers' faces chalky, arias aimed straight at the audience from the purposely extended apron of the stage or even from two runways bridging the orchestra pit. Some of the chorus, in 19th century dress, were seated in armchairs at either side of the apron, others arrayed in stiff costumes like chessmen.

It was a completely coherent view of the opera and, on its own terms, successful; but the music kept contradicting it. Mariella Devia, who sang the title role, has sometimes been criticised for being more of a singer than an actress. Her Semiramide was a convincing contradiction of this received opinion. Despite an unbecoming coiffure, she looked both regal and human; the singing – even in the most complex coloratura – was never uncharacterised. In the two grand scenes with Arsace she was, first, tender and womanly and, finally, tragic. As would have been expected, she performed the opera's most famous aria, "Bel raggio", with impeccable technique and appealing tone.

Her Arsace was to have been Marilyn Horne, whose indisposition led to her being replaced, for the first two performances, by the Polish contralto Ewa Podles (later the Irish mezzo Patricia Bardon will take over). Physically, the veteran Podles suggests the late Ebe Stignani; but vocally she has very much a personality of her own. The lower voice is big and resonant, and she can move up to the head voice virtually seamlessly; and coloratura obviously represents no problem for her. She was an excellent partner for Devia, and also a strong interpreter on her own. Despite her matronly figure, she made a convincing warrior, moving with ease and purpose, and acting – above all – with her flexible, multicoloured voice.

The tenor Luca Canonici was miscast as Idreno; as Assur, the young bass Carlo Colombara also had only a shaky grasp of Rossinian style, and in the higher passages, the voice sounded strained. But it is an attractive voice, and as the evening progressed, Colombara seemed to gain confidence. The smaller parts were acceptably filled. Henry Lewis, the conductor, offered a patchy reading of the overture. When it came to accompanying the singers, he was more at home. The chorus and orchestra were not always perfectly synchronised, but, all in all, the performance moved readily, comfortably, never sagging.

The production could hardly have been more different from the Pesaro Festival's, so dark and Eastern and spectacular, or from the traditional Sequi staging for Joan Sutherland in the late 1960's, but it won the audience and even for the hardened opera-goer, it provided not just pleasure, but abundant food for thought.

Pop

Kings of the blues

IT IS an inspired idea – inspired as much by selective ticket buying among today's pop audience as creative synergy – to present these two great Blues men on the same bill. If BB is the acknowledged King of the Blues, Cray is everyone's choice as the Crown Prince.

They also provide wonderfully easy critical contrasts. BB, a giant of a man, comes on stage like a pink brocaded marquee, while Cray just rolls up his shirt sleeves. His years on the cabaret circuit have given BB a glib, reach out and touch, show biz act. He demands communal responses from the audience; he has a straight man who hauls him back for manipulated encores; at the final finale he distributes trinkets to the front row fans. Cray, in contrast, has the personality of a Prime Minister.

And their approach to the blues also rings the changes. At 67 BB is not playing for fame. He delicately, lazily, inter-weaves his guitar into the noisy boisterous backing of his troupe of lively old stagers. It is unsubtle stuff, harking back to the swing bands on the Chicago club circuit, forced to play above raucous winers and diners. Cray in contrast, with a very impressive band, does the business with conservatoire precision. His spare, unadorned, discrete playing is a triumph for old fashioned musical virtues as against the computer tech that is overwhelming pop.

Yet BB is somehow more enjoyable. He seems to visit the UK as frequently as Atlantic depressions and sometimes gives short shrift. At Hammersmith he took up Cray's challenge and devoted at least 15 minutes to a recreation of the old Memphis days of the 1940s, sitting and crooning the blues, including the classic "The thrill is gone", as if they mattered.

Despite the black tie and tuxedo dressing it somehow got closer to the pain of the blues than Cray's more soulful contemporary confessions of love and betrayal in the adultery belt. Cray has rescued the blues from oblivion by letting them sing the message of broken relationships among the socially mobile but he misses out on the humour and earthy authenticity which BB still recalls after almost half a century of chicken-in-the-basket dinners.

Antony Thorncroft

Hammersmith Odeon

Drama of silences and double-talk

WHEN IT appeared last year that the New York Theatre Workshop's excellent American premiere production of Caryl Churchill's *Mad Forest*, despite excellent reviews, several Obie (Off-Broadway) Awards and a sold-out run at the 99-seat Perry Street Theatre, was not going to find a future life in a larger off-Broadway or Broadway theatre, many in New York's non-profit theatre community were ready to throw in the towel. Particular congratulations must be extended, then, to the Manhattan Theatre Club for its last-minute rescue of *Mad Forest*, which is now playing at the 299-seat City Center Theatre. Mark Wing-Davey's production has only improved in the transfer.

Churchill developed the play, about the 1989 Romanian revolution and its aftermath, through hands-on research in Romania with Wing-Davey and students from London's Central School of Speech and Drama, of which Wing-Davey was then Artistic Director. He directed the world premiere at the Central School, which transferred to the Royal Court in 1990.

Mad Forest communicates the subtleties and complexities of a political situation through theatrically innovative and exciting means. In the play's silences, double-talk and misinformation, Churchill skillfully merges form and content by making language as undependable and indeterminate to the audience as it was to the Romanian people under Ceaucescu. The smashing of an egg conveys all the anger and misunderstanding of a family torn apart by political strife, and one oblique scene of blackmail belies a world of suspiciousness and dishonesty. Wing-Davey's production is a masterwork of understatement; Mary Mara, Mary Schultz, and Christopher McCann stand out among the fine 11-player ensemble.

Wing-Davey, set and costume designer Marina Draghici and lighting designer Christopher Akerlind have not only retained the claustrophobic intensity of the Perry Street Theatre production but added new levels of meaning in their use of the whole theatre as their playing area. Performers enter through the theatre and deliver many of the Romanian/English phrasebook translations which precede each scene from the aisles, lit by exposed bulbs over their heads, drawing the audience into the play.

Akerlind uses the metaphoric potential of light and darkness to its fullest, as when, in an otherwise dimly lit food line, the blond head of young revolutionary Radu (Jake Weber) is caught in a shaft of light and glows seraphically as he whispers "Down with Ceausescu." Draghici's set of dark, nubbled walls which swing and slide unexpectedly to reveal gilt-laden murals, furthers the play's themes of unreliable appearances and layered truths.

Karen Fricker

'Mad Forest' by Caryl Churchill, rescued by the Manhattan Theatre Club

Radio/B.A. Young

Snuffed out

THIS has been European Drug Prevention Week, and naturally most attention to it has been paid by the channels with most young listeners, Radio 1 and Radio 5. Radio 1 has the sensible idea in its social programmes of taking its listeners by surprise. Solvent-sniffers may find their programmes unexpectedly interrupted by voices talking about their problem. What follows is not instant advice but a helpline number. Calls are not only free, but not shown in the telephone account.

Radio 5 took a different line, and offered on Thursday a continuous, dramatic programme called *Who Dares?* Against a faint background of pop, came a stream of admissions by young people of what they had done, how it made them feel, where they did it. About one school child in 10 is reckoned to try a sniff. Mums and dads spoke of their trouble in spotting anything, experts told which solvents were used, where they were likely to be found, and what they did to you. The same helpline number was given.

Marin Sorescu's *Vlad the Impaler* (Radio 3, Sunday) shows the author as a sort of mini-Brecht. Impaling is already *en vogue* when the piece begins, and the action is largely seen, or anyway discussed, by two of Prince Vlad's victims, a Romanian and a Turk, on neighbouring stakes. Quasi-historic events are a revolt by the pretender Dan, and the conquest of Romania by the Turks, who sell Vlad to the Hungarians. He escapes and returns to Romania, where the two impalees reckon from their stakes that everything is the same only different.

Within this pattern, Vlad, sharply played by John Hurt, displays his politics, clearly suggesting Ceausescu's. Impaling is for the people's benefit. Tradesmen all want something for nothing, and the land is full of beggars; what better than to lock them all in a church and burn them? In the end, Vlad, back in charge, is thought to be "the prince of darkness"; or else as "the light of Romania". Perplexed by his inability to work things out, he impales himself, significantly between the two thieves – but "I'll be back," he says.

Richard Crane's translation includes some awful jokes, like confusing "stakes" and "steaks". Sorescu's own jokes are fair – a portrait of Vlad fades to nothing because the paints are made from Romanian soil. The date runs from 1429 to 1476, but the language and behaviour are of today. The impaled pair are done by Stephen McCann and Andrew Sachs, and Vlad's police chief Papuc is Roy Hanlon. Faynia Williams is the director.

Better political satire in Bulgakov's *The Master and Margarita*, which on Saturday played the second of the four parts of Brian Wright's Classic Serial adaptation for Radio 4. The story is complex. The Devil has come to earth in Moscow, with three assistants, one of them a giant cat, who call him "Messiah". He poses as a professor of necromancy, and he is after "the Master", author of a book about the trial of Jesus, condemned by the authorities. The Master is in a mental home, but his friend Margarita has a copy of the book.

Some events seem less than relevant – the death under a tram of the president of the Writers' Union, the proposed pantomime by some of Woland's gang. It would make a marvellous comic strip, and I don't mean this adversely. Daniel Massey is Woland, with no theatrical *diablerie;* the Master, who has done little so far, is Michael Maloney; and Geraldine James is a sturdy Margarita. David Hutchinson directs.

Versatile mezzo

THE MEZZO Cynthia Clarey has been singing the role of Serena to much acclaim in Covent Garden's staging of *Porgy and Bess*. But her appearance in the Purcell Room on Wednesday in the South Bank's Song Series was not quite the exhilarating experience one had hoped to hear – splendid in parts, yet dutiful and prosaic in others.

The programming seemed miscalculated; it was designed obviously to demonstrate Ms Clarey's versatility yet managed to submerge her engaging personality in the process. The highlights were almost all confined to the second, American half of the evening – a group of four spirituals, a Sondheim encore and especially six of Copland's settings of Emily Dickinson.

Here she was able to relax a little, and allow her singing to blossom, her tone to acquire many more interesting lights and tints, using a *parlando* edge to some of her phrases with winning expressive effect. At the close she was projecting herself with more directness than at any other time; more Americana, perhaps the whole of the Copland set, should have been prescribed beforehand. Instead Ms Clarey had laboured through heavyweight German song, always cautious and only intermittently sparking into dramatic life. Haydn's cantata *Arianna a Naxos* is always a dogged thing with which to begin an evening, and even her accompanist, the usually creative Iain Burnside, made heavy weather of his contribution. There was a hint of theatricality in the final aria, and flair and dashing enjoyment in "Hexenlied", the second of two Mendelssohn songs. But in Schumann's *Frauenliebe und Leben* everything was damped down again, safety was the watchword and one longed for her to abandon caution and just to sing.

Andrew Clements

Chess No 950:
1 Rh1! and mate next move.

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Quick Draw McGraw. 7.50 Litt' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand. Introduced by Bob Wilson. Including 12.20 Football: Reviewing the week's World Cup matches. 12.50 News. 12.55 Racing from Ascot and Aintree: From Ascot, the 1.00 Manicou Handicap Chase, the 1.30 Forte Handicap Hurdle and the 2.05 H&T Walker Gold Cup Chase (H'cap). From Aintree, the 1.15 Stanley Leisure Novices Chase, the 1.45 Ladbroke November Handicap Hurdle and the 2.25 Crowther Homes Becher Handicap Chase. 2.35 Snooker: UK Championship. News of this afternoon's fifth round matches from Preston. 2.50 Rugby Union: Wales v Australia live from the National Stadium, Cardiff. 4.30 Snooker: UK Championship. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Dad's Army. Classic comedy with Arthur Lowe and John Le Mesurier.
5.50 Big Break.
6.20 Noel's House Party. Noel Edmonds with more wacky entertainment from Crinkley Bottom, including former Spurs star Garth Crooks receiving a Gotcha Oscar, NTV, Wait Till I Get You Home and Grab a Grand.
7.15 Bruce Forsyth's Generation Game.
8.15 Casualty. Junior doctor Rob Khalefa is hurt while spending a day on the river and ends up as casualty patient. Charlie helps a heroin addict kick her habit. Sandra Nicholl's disciplinary hearing puts everyone on edge. Starring Derek Thompson and Maureen Beattie.
9.05 News and Sport; Weather.
9.25 Film: High Spirits. Castle-owner Peter O'Toole aims to make a fast buck by pretending his home is haunted — until two real ghosts put in an appearance. With Steve Guttenberg, Daryl Hannah and Liam Neeson (1988).
11.00 Match of the Day. Desmond Lynam presents highlights of two top FA Premier League matches and goals from other fixtures.
12.00 Snooker: UK Championship. (fifth round highlights).
1.00 Weather.
1.05 Close.

BBC2

8.00 Open University. 9.05 Film: Broadway Limited. 10.15 Film: Abbott and Costello in Society. 11.25 Bird's Eye View. 12.15 pm Film: Advance to the Rear.

1.50 Network East. On location in Exeter and shopping in London's Berwick Street with film producer Ismail Merchant. Plus, the work of Bombay fashion designer Krishna Mehta.
2.20 Tanhaiyan (English subtitles).
3.00 Film: Key Largo. Ex-soldier Humphrey Bogart has problems with gangsters when he retires to an island paradise run by mobster Edward G Robinson. With Lauren Bacall (1948).
4.40 Snooker: UK Championship from Preston's Guild Hall.
5.30 Top Gear Rally Report Preview. Looking ahead to the four-day RAC Rally which begins tomorrow in Chester.
6.00 Scrutiny. The work of the House of Commons' Select Committees.
6.30 News and Sport; Weather.
6.45 Pole to Pole. Michael Palin arrives in Ethiopia, where survivors of ex-dictator Menghistu's defeated army are still at large. The team join an armed convoy on a hazardous journey through bandit country and arrive in Kenya. Shown Wednesday on BBC1.
7.35 Carl Nielsen: A Life in Six Symphonies. Conductor Simon Rattle introduces a profile of the Danish composer which explores his work through six symphonies, marking important events in his life. Including interviews with his daughters. The City of Birmingham Symphony Orchestra perform extracts from his works.
8.55 Have I Got News for You. Sandi Toksvig and Nick Hancock join team captains Paul Merton and Ian Hislop.
9.25 Performance: A Doll's House. Henrik Ibsen's play, starring Juliet Stevenson and Trevor Eve. A submissive housewife, continually patronised and ignored by her husband, rebels against him and discovers a new-found inner strength.
11.40 Film: Lacombe Lucien. Louis Malle's study of occupied France during World War Two (1974).(English subtitles).
1.55 Saturday Night Live. Actor Joe Pesci (Goodfellas) features in the American variety show.
2.30 Close.

LWT

6.00 TV-am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 The European Champions' League Preview. Ian St John and Jimmy Greaves look ahead to Wednesday's matches; The Day.
1.45 The Smurfs.
1.55 Highdays and Otherdays. Jenny Bristow prepares dishes for children.
2.25 The A-Team.
3.20 WCW Worldwide Wrestling. Grappling action from the canvas ring.
4.10 Dinosaurs. Animated fun.
4.40 ITN News and Results; Weather.
5.00 LWT News; Weather.
5.05 Cartoon Time
5.20 Beverly Hills 90210. With Jason Priestley and Shannen Doherty.
6.15 Gladiators. Contestants from Dorset, London, Croydon and Surrey climb The Wall, Hang Tough and enter the Danger Zone as they take on the might of the Gladiators in the first semi-final. Presented by Ulrika Jonsson and John Fashanu with commentary from John Sachs.
7.15 Blind Date. Contestants hope to find the perfect partner as Cilla plays Cupid to more would-be romantics. She also looks back at last week's hopefuls to determine whether they liked or loathed each other.
8.15 Beadle's About. More practical jokes with Jeremy Beadle.
8.45 ITN News; Weather.
9.00 LWT News; Weather.
9.05 Crime Story: Dear Roy, Love Gillian. A soon-to-be-released convict arranged to meet Gillian, his 16-year-old pen-friend, for the first time. But she never reached the destination. Her body was later found in a stream with a size 12 boot mark on her jeans — a clue which played a vital part in the investigation. With Tara Simpson and Lawrence Mullin.
10.05 Film: The Delta Force. Macho heroics when Chuck Norris, Lee Marvin and friends take on terrorists who have hijacked a charter flight bound for Athens.
12.25 Almost Grown.
1.25 Get Stuffed; ITN News Headlines.
1.30 The Big E.
2.25 Cheap Thrills; ITN News Headlines.
2.35 The Gig.
3.35 New Music.
4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Kabaddi. 10.30 Gazzetta Football Italia — With Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On — Your Views. 12.30 pm Songs and Memories.

1.00 Film: Carlton-Browne of the FO. Terry-Thomas plays a bungling diplomat whose latest job leads to comic chaos. Also starring Peter Sellers and John Le Mesurier (1959).
2.40 Film: Private's Progress. British comedy about a group of soldiers doing National Service just after the war. Ian Carmichael plays an innocent who becomes involved in shady activities. Also starring Richard Attenborough and Terry-Thomas.
4.30 Bicyclettes De Belsize. A young man falls in love with a fashion model's photograph.
5.05 Brookside. Omnibus edition.
6.30 Right to Reply. A humorous look at death in TV soaps and viewers' reactions to this week's Cutting Edge programme The Lords.
7.00 A Week in Politics. A report on the arms-for-Iraq controversy and the great Euro-banana row — how will the troubled GATT talks affect the EC's traditional supplies of bananas.
8.00 The Big Battalions. Powerful religious drama set in England, the Holy Land and Ethiopia. The Archdeacon of Birmingham (Brian Cox) plots to become Bishop while his wife (Jane Lapotaire) copes with their collapsing marriage and a daughter who has fallen in love with an Israeli soldier. Shown last Thursday.
10.00 Film: Trop Belle Pour Toi! Successful businessman Gérard Depardieu risks losing everything when he falls for dowdy new secretary Josiane Balasko. Bertrand Blier's romantic comedy, also stars Carole Bouquet, Roland Blanche and Francois Cluzet (1989).(English subtitles).
11.40 Let the Blood Run Free. Dr Richard Lovechild uses his surgical skills to fulfil a fantasy. Nurse Effie takes a turn for the worse and Warren visits a faithful friend.
12.10 The Happening. With Jools Holland and guests.
1.10 The Word. Last Friday's programme.
2.10 Film: Timetable. With Mark Stevens as an insurance investigator assigned to solve a payroll robbery (1956).
3.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Gardening Time. 12.50 Anglia News. 2.00 Get Wet. 2.30 Candid Camera Classics. 2.55 Tora! Tora! Tora! (1970). 5.30 Bullseye. 6.35 Anglia News. 11.45 The Young Riders.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.00 Memories of 1970-1991. 2.45 The Central Match — Live. 6.00 Bullseye. 6.35 Central News 10.00 Local Weather. 11.45 The Equalizer.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez Vous. 12.50 Tele-Jornal. 2.00 The New Adventures of Black Beauty. 2.30 Sheena — Queen of the Jungle. 4.30 Bullseye. 6.35 Channel News.

GRAMPIAN: 10.45 Heidi. 11.15 Sunday Service. 11.45 Link. 12.30 Elkon. 12.55 Grampian Headlines. 2.00 The Nature of Things. 3.00 Badminton. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Grampian Headlines 11.45 Prisoner: Cell Block H.

GRANADA: 12.25 What the MPs Say. 12.55 Granada News 2.00 Granada Action with the A Team. 2.30 Cartoon. 2.45 Doctor in Clover. (1965) 4.30 House Style. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News 11.45 Prisoner: Cell Block H.

HTV: 12.30 The Nature of Things. 12.55 HTV News. 2.00 Challenge of the Seas. 2.30 Cartoon Time. 2.40 WCW Worldwide Wrestling. 3.30 The West Match. 4.00 You're Only Young Twice. (1952) 5.30 Bullseye. 6.35 HTV News.

SCOTTISH: 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Elkon. 12.55 Scotland Today. 2.00 Scottish Books. 2.30 Carry On Constable. (1960) 4.05 Baywatch. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Scotland Today 11.45 Scottish Open Badminton Championship.

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Off the Hook. 2.30 Gus Introduces Frootie Tooties. 2.40 Highway to Heaven. 3.35 Family Flight (TVM). 5.00 Bullseye. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News. 10.00 TSW Weather. 11.45 Prisoner: Cell Block H.

TVS: 12.30 TVS News. 12.35 Agenda. 2.00 The New Adventures of Black Beauty. 2.30 Sheena — Queen of the Jungle. (1984) 4.30 Bullseye. 6.35 TVS News.

TYNE TEES: 12.25 Wild World of the East. 12.55 Tyne Tees News. 2.00 The Old Man Who Cried Wolf. 3.30 The Back Page. 4.00 Frank Sinatra: The Voice. 5.00 Animal Country. 5.30 Bullseye. 6.00 Parents. 6.35 Tyne Tees News. 11.45 Night of Terror.

ULSTER: 12.30 Gardening Time. 12.55 Ulster Newstime 2.00 Farming Ulster. 2.30 Sandokan Against the Leopard of Sarawak. 4.05 Baywatch. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Ulster Newstime 10.00 Ulster Newstime 11.35 Percy French.

YORKSHIRE: 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Cartoon. 3.05 Demetrius and the Gladiators. (1954) 5.00 Animal Country. 5.30 Bullseye. 6.00 Calendar. 6.35 Local Weather — The Week Ahead. 10.00 Local Weather. 11.45 Night of Terror. (1972)

SUNDAY

BBC1

7.45 Film: Love Happy. 9.10 News. 9.15 Start Your Own Religion. 9.30 This is the Day. 10.00 See Hear! 10.30 Inside English. 10.45 Italianissimo 11.00 Careering Ahead. 11.30 Mosaic.

12.00 Advice Shop.
12.30 CountryFile. With speculation that over 100,000 jobs in the British countryside could be lost, the programme looks at the effect of the new EC directives and assesses the possible impact on the meat, poultry and fishing industries. Plus, a look at the recent invasion of farmland by slugs.
12.55 Weather for the Week Ahead; News.
1.00 On the Record. As the pressure increases on Government ministers to cut their spending budgets, Peter Lilley, Secretary of State for Social Security, goes On the Record about his department's spending plans.
2.00 EastEnders.
3.00 Film: Perry Mason: The Case of the Shooting Star. Starring Raymond Burr (1986).
4.30 Michael Jackson's Dangerous Tour in Bucharest.
5.20 The Clothes Show. Four readers of the Clothes Show Magazine have their hair re-styled by John Frieda. Satisfied clients talk to men's tailors Ozwald Boateng, Mark Powell and Chris Ruocco. Plus, clothes to wear on the piste this winter.
5.45 The Borrowers.
6.15 Weather Watch.
6.25 News.
6.40 Songs of Praise. A report from North Belfast on efforts to solve some of the embattled community's social problems and bring rival churches closer together.
7.15 Last of the Summer Wine.
7.45 The House of Eliott.
8.40 Birds of a Feather.
9.10 News and Weather.
9.25 Look at it This Way. New series. Three-part comedy drama about life in modern-day London seen through the eyes of a fictitious American playwright (David Dukes). Starring Lionel Jeffries
10.25 Everyman. Following a mother and her tearaway son who live on Newcastle's Pottery Bank estate.
11.15 Doogie Howser, MD.
11.40 Off the Back of a Lorry.
12.10 Tanhaiyan. Shown yesterday on BBC2.(English subtitles).
12.50 Weather.
12.55 Close.

BBC2

7.00 Felix the Cat. 7.15 Playdays. 7.40 Smoggies. 8.05 Telling Tales. 8.20 Orville and Cuddles. 8.25 Bitsa. 8.45 Gentle Ben. 9.10 The Wetter the Better. 9.35 Thundercats. 10.00 Kevin and Co. 10.25 Blue Peter Omnibus. 11.15 The O Zone. 11.30 Shakespeare: The Animated Tales. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 The Staggering Stories of Ferdinand De Bargos.
2.00 Around Westminster.
2.30 Snooker: UK Championship.
2.48 Top Gear Rally Report. First day of the RAC Rally live from Chatsworth.
3.45 Snooker: UK Championship.
5.05 Rugby Special. Wales v Australia (highlights) plus highlights of Leicester v Bath.
6.05 Travel Show Guides. Paddy Haycocks explores Cyprus.
6.25 The Money Programme Steve Levinson reports on consumer spending during the recession. High interest rates, falling house prices, high debts and the fear of unemployment loom large in many people's minds — leading to a reluctance to part with hard-earned cash.
7.15 The Realms of the Russian Bear. Nikolai Drozdov looks at the wildlife of the mountains separating Central Asia and China.
8.05 Funny Business. New series. Looking at the entertaining business of what makes people laugh.
8.55 Building Sights Europe. The Memorial aux Martyrs de la Deportation, in Paris. Dedicated to the memory of the 200,000 victims deported from France during World War Two.
9.05 Did You See? Jeremy Paxman's guests are Ian Hislop, editor of Private Eye, writer Beryl Bainbridge and Bishop Hugh Montefiore.
9.40 Open Space Special. Basildon in Essex, as seen through the eyes of singer/songwriter Phil Burdett.
10.15 Top Gear Rally Report. Steve Lee reviews the day's events.
10.30 Film: The Chant of Jimmie Blacksmith. Drama based on a true story. Starring Tommy Lewis (1978).
12.30 Close.

LWT

6.00 TV-am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend; Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden asks Defence Secretary Malcolm Rifkind: "Should Britain be doing more to reduce the suffering in the former Yugoslavia?"; The Day.
2.00 Bullseye.
2.30 The London Match. Wolves v Charlton Athletic from Molineux. Live coverage introduced by Ian St John. Commentary by Brian Moore and David Pleat.
5.05 Baywatch.
6.00 Animal Country. Desmond Morris and Sarah Kennedy have their hands full when they encounter wild cats, white swans and Gizmo, the red panda.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Sir Harry Secombe visits Newbury in Berkshire to meet his old friend Johnny Morris. He also talks to deaf percussionist Evelyn Glennie.
7.15 Second Thoughts.
7.45 The Ruth Rendell Mysteries. Second episode of Kissing the Gunner's Daughter. Starring George Baker as Det Chief Insp Wexford and Christopher Ravenscroft as Det Insp Burden. *The continuing* investigation into the multiple murders causes problems for Wexford.
8.45 London's Burning. The Blue Watch team put their lives at risk when they are called to an illegal rave party where the floor has collapsed.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 The New Statesman.
10.35 The South Bank Show. A film by Ken Russell about the secret life of romantic composer Sir Arnold Bax. His music is currently enjoying a revival — partly thanks to Russell, who financed the recording of Bax's first two symphonies; The Day.
11.45 Cue the Music. Dionne Warwick in concert at the Royal Albert Hall.
12.45 Liberace at the Las Vegas Hilton.
2.20 The ITV Chart Show.
3.20 Get Stuffed; ITN News Headlines.
3.25 Coach.
3.55 Get Stuffed.
4.00 Pick of the Week.
4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 If Wishes Were Horses. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.45 pm Classic Cars.

1.15 Football Italia. Live match is AC Milan v Inter, plus the chance to win tickets for the Italian Cup Final.
3.30 Film: Man with the Gun. A gunfighter brings order to a lawless town while searching for his estranged wife. Western adventure, starring Robert Mitchum, Jan Sterling and Karen Sharpe (1955).
5.05 Magoo's Puddle Jumper. Cartoon.
5.10 News.
5.15 High Interest: Supermarkets. Can leading supermarkets continue their success in spite of the recession? The three biggest chains — Sainsburys, Tesco and Safeway — dominate the large-scale grocery business despite being far from the cheapest places to shop.
6.00 The Miraculous Mellops.
6.30 The Cosby Show. With special guest Norman Beaton.
7.00 Equinox: The Puzzle of HIV. A scientific and biological insight into the destructive virus. Despite a decade of intense research, the *virus which causes Aids continues* to affect more than 13 million people worldwide. Using microscopic and computer images, Equinox attempts to explain HIV in comparison with other viruses. Scientists also discuss their theories as to how it attacks the human immune system.
8.00 The Royal Collection. The last programme in the series follows the development of the state portrait which illustrates the changing role of the monarchy.
8.30 American Football. Philadelphia Eagles v New York Giants.
10.00 Film: Above Us the Waves. World War Two drama charting the battle between midget submarines and a German battleship in Norway. Starring John Mills, Donald Sinden, John Gregson and James Robertson Justice (1955).
11.50 Film: The Hour of the Star. A naive orphan girl (Marcelia Cartaxo) sets out to seek her fortune, but is disappointed to discover the reality of the big city is different to her dreams. (1985).
1.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 1.05 Anglia News. 1.40 Starting from Scratch. 2.05 McCloud: The Gang That Stole Manhattan. (1974) 3.50 WCW Worldwide Wrestling. 5.00 Anglia News and Sport 5.15 Cartoon Time. 9.00 Regional Weather.

BORDER: 1.05 Border News. 1.10 Kick Off. 2.05 The A-Team. 3.00 Granada Sports World. 5.00 Border News and Weather 5.15 Sports Results.

CENTRAL: 1.05 Central News 1.40 The Life and Times of Grizzly Adams. 2.35 Mickey and Donald Kidding Around. 3.25 Porky Pig. 3.50 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match — Goals Extra.

CHANNEL: 11.30 The Munsters Today. 1.05 Diary Dates. 1.10 TVS Sporting Decade. 1.40 Heidi. (1965) 3.20 Zorro. 3.45 The A-Team. 5.00 Channel News. 5.05 Puffin's Pla(i)ce. 5.15 Cartoon.

GRAMPIAN: 1.05 Grampian Headlines 1.45 The Adventures of Huckleberry Finn. 2.45 The Life and Times of Grizzly Adams. 3.40 Out of Limits. 3.50 WCW Worldwide Wrestling. 5.00 Grampian Headlines and Weather 9.00 Grampian Weather.

GRANADA: 11.30 Zorro. 1.05 Granada News 1.10 Kick Off. 2.05 The A-Team. 3.00 Granada Sports World. 5.00 Granada News 5.15 Granada Goals Extra.

HTV: 1.05 HTV News. 1.40 Golf: The Merrill Lynch Shoot-Out. 2.40 Passionate Summer. (1958) 5.00 HTV News and Sport

SCOTTISH: 1.05 Scotland Today. 1.40 Cartoon. 1.45 Love on the Run. (1936) 3.15 Highway to Heaven. 4.10 Bullseye. 5.00 Scotsport Results. 5.10 Scotland Today 5.15 Cartoon. 9.00 Scottish Weather.

TSW: 11.30 The South West Week. 1.05 TSW News. 1.40 Off the Hook Special. 2.35 Robbery. (1967) 5.00 TSW News. 5.05 Gus Honeybun's Cartoon-time.

TVS: 11.30 The Munsters Today. 1.05 TVS News. 1.10 TVS Sporting Decade. 1.40 Heidi. (1965) 3.20 Zorro. 3.45 The A-Team. 5.00 TVS News. 5.15 Cartoon.

TYNE TEES: 1.05 Tyne Tees News. 1.40 Cartoon Time. 1.50 Five Weeks in a Balloon. (1962) 3.45 Baywatch. 5.00 Tyne Tees Saturday.

ULSTER: 11.30 Zorro. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.40 Carry on Up the Jungle. (1970) 3.20 Movies, Movies, Movies. 3.50 Wrestling. 4.35 Goals of the Week. 5.00 Ulster News 5.05 Saturday Sport. 9.00 Ulster Newstime

YORKSHIRE: 11.30 The Mountain Bike Show. 1.05 Calendar News. 1.40 Cartoon Time. 1.50 Five Weeks in a Balloon. (1962) 3.45 Baywatch. 5.00 Calendar News. 5.15 Cartoon Time.

S4C Wales as Channel 4 except:- 10.00 Jeifin. 12.00 Get Smart. 12.30 The Cosby Show. 1.00 Rawhide. (1950) 2.35 Rygbi: Ar Wib 'D'ar Walabi. 4.35 Short Stories: The Comper Queen. 6.30 Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.15 Bacha Hi O'Ma. 8.00 Deryn. 8.55 Tocwyn Tymor. 10.00 Cyrano de Bergerac. (1990)

RADIO

SATURDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington 2.00 Benny Green 3.00 Alan Dell. 4.00 Many Happy Returns St Cecilia. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Radio 2 Arts Programme 12.05 Nick Barraclough's New Country. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning
12.00 Spirit of the Age.
1.00 News.
1.05 Table Talk's History of the World.
1.20 BBC Philharmonic.
3.00 Dowland and Monteverdi: Songs.
3.45 Honegger
4.40 BBC Welsh SO.
5.30 St Cecilia's Day Service.
6.30 Marc-Andre Hamelin.
7.30 South Bank Purcell Project.
9.35 Sunday Play.
11.15 Music in Our Time
12.30 News
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken
7.00 News
7.10 Sunday Papers
7.15 On Your Farm.
7.40 Sunday.
8.50 Terry Wogan.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Kennedy Country.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 The Best of Fear on Four.
7.30 Bookshelf.
8.00 Punters.
8.30 Reading Aloud.
9.00 The Natural History Programme
9.30 Special Assignment.
10.00 News.
10.15 Last Post.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service. Newshour.
8.30 Weekend Edition.
9.30 We Are Mesquakie We Are One.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Sunday Brunch.
1.00 News Update.
1.40 Open Forum.
2.00 Animal Talk.
2.30 The Mark Steel Solution.
3.00 Sunday Sport.
6.00 Writers' Weekly.
6.30 Education Matters.
7.15 How We Lived Then.
7.30 Italianissimo.
8.00 Restart French.
8.30 Deutsch Express.
9.00 Open University.
9.30 Club Class.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Short Story: Kingbirds and Bobolinks. 9.30 Folk In Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German; News. 12.00 Play of the Week: Duet for One. 1.00 Newshour. 2.00 News Summary. 2.01 A Sight Worth Seeing. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; Exaction. 1.45 Jerome Kern *Among Friends*. 2.00 Newsdesk. 2.30 Composer Of The Month: Claude Debussy. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 World News. 4.15 On Screen.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Requests.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Authentic Performances.
8.00 Classic FM Concert.
10.00 Sunday Night Out at Smollensky's.
11.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.
3.00 Andre Leon.

SUNDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Nick Barraclough's New Country. 1.00 I'm Sorry I'll Read That Again. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Answer Me. 5.00 The Movie Hour. 6.00 Bob Holness Requests the Pleasure. 7.00 Back Numbers. 7.30 Robert Palmer in Concert. 8.00 Easy Does It. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University.
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Bath International Festival 1992.
2.20 Schumann.
3.00 Vienna: The Philharmonic Years 1842-1992.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Lawes and Jenkins.
7.00 Albert Herring.
9.40 William Hogarth at Bart's.
10.00 Illinois Jacquet Big Band.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Worlds Apart.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
8.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 Play Of The Week: Duet For One. 2.00 Newsdesk; Russia Revisited. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 For Better for Worse. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America.
7.00 Introduction to the Opera.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
4.00 Classic America.

CHESS

GARY KASPAROV is a true world champion who fears no *opponent*. Kasparov has just won the competitive £130,000 Immopar Trophy in Paris for the second time in three years, defying a format which encourages upset results.

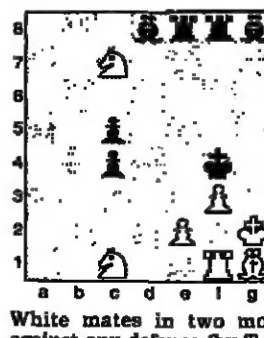
Each knock-out round consists of two 25-minute quick-play games, with a five-minute blitz tiebreaker. Karpov, Short and Timman failed to survive the first round, but Kasparov won all his four matches convincingly and beat India's speed expert Vishy Anand 3-1 in the final.

Kasparov's best win was against the US champion. He blocked a queen's side attack, then rampaged through on the other flank by a cascade of sacrifices. When he is in such form, it is hard to envisage Bobby Fischer, Nigel Short or anyone else dethroning him for years to come (G Kamsky, White; G Kasparov, Black; King's Indian; Paris Immopar 1992).

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 Nf3 0-0 6 Be2 e5 7 0-0 Nc6 8 d5 Ne7 9 Nd2 Ne8 10 Rb1 f5 11 b4 Nf6 12 f3 f4 13 c5 g5 14 Nc4 Ng6 15 a4 Rf7 16 Ba3 Bf8 17 a5 Rg7 18 b5 b6 19 cxd6 cxd6

20 Na2 g4 21 fxg4 Nh4 22 Rb3 Nxg4 23 Bf3 bxa5 24 Qd2 a4 25 Rc3 Bd7 26 Rb1 Rc8 27 Kh1 Nxh2! 28 Kxh2 Rxc4! 29 Rbe1 Nxf3+ 30 Rxf3 Qh4+ 31 Kg1 Rxe4 32 Qf2 Qh5 33 Rc7 Re1+! 34 Qxe1 Qxf3 35 Qd2 Qg4 36 Nc3 f3 37 Rxa7 Qh3 38 Resigns.

Chess No 950



White mates in two moves, against any defence (by T Taverner, 1889). A frustrating problem with many near misses.

Leonard Barden

Solution Page XVIII

BRIDGE

PERCENTAGES are sometimes obvious, sometimes difficult to fathom. Let us look at this hand from rubber bridge, and learn the lesson:

N
♠ 9 7 4 2
♥ K J
♦ 6 4
♣ K 10 8 6 4

W
♠ Q 3
♥ 10 9 7
♦ J 9 5 2
♣ J 7 3 2

E
♠ K J 5
♥ Q 8 4 3 2
♦ Q 10 3
♣ 9 5

S
♠ A 10 8 6
♥ A 6 5
♦ A K 8 7
♣ A Q

West was dealer with both sides vulnerable,and after three passes South opened the bidding with two no trumps. North's raise to three concluded the auction.

Rejecting the lead from either of his four-card suits, West decided to start with the 10 of hearts. This was covered by dummy's knave and East's queen, and taken by the declarer's ace. There were eight tricks for the taking, but where was the ninth to be found? the time-factor ruled out spades, so South decided that clubs were the only hope — they had to break 3-3. At trick two, therefore, declarer cashed ace of clubs, then the queen, crossed to the king of hearts, and played dummy's king of clubs, East showed out, and the contract was doomed.

The odds against the 3-3 break in clubs are approximately 6 to 4, but declarer could have done better by playing for a doubleton nine (or, of course, knave) to be held by one defender. He should cash the ace at the second trick, then overtake his queen with dummy's king, dropping the nine from East. The extra chance lands the contract. He leads the 10 to West's knave, setting up the eight and six, with the heart king as entry to enjoy them.

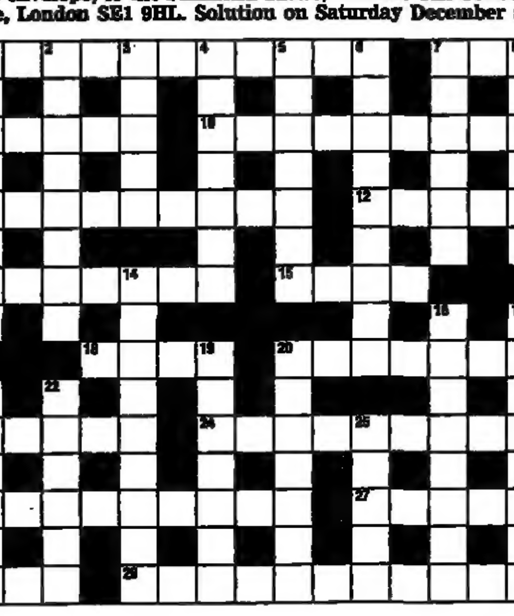
A final word on the quiz. The answer to question 4e was 7NT, which is on ice. 7H is wrong — West can lead a spade from his eight-card suit, and East ruffs with his heart king.

E P C Cotter

CROSSWORD

No. 8,009 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday December 2, marked Crossword 8,009 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 5.

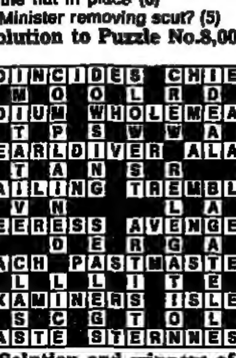


Name
Address

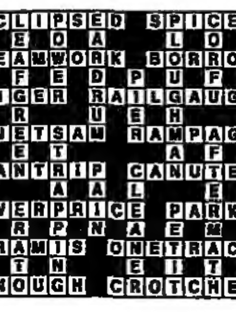
ACROSS
1 What my literary examiner has to do? (4,2,5)
7, 9 Not up, almost, to one to keep up with on average (3,5)
10 Correct part of show taken by Thatcher? (5,4)
11 Crystallised fruit on new rug's a coveted object (5,4)
12 Master of the straight line? (5)
13 One possible regent? A whole number! (7)
15, 18 Securely fix talon with feathers (4,4)
20 Don't make a mess when heat starts down under (7)
23 Follow prince and Queen? (5)
24 Result of sin pressing on rebel (9)
26 Hun, being upset, craved to get divorced (9)
27, 28 Not very well, like a birdie? (5,3)
29 Local person at capital getting on during yesterday there (11)

DOWN
1 Like a king, a joke in 1099 (8)
2 Old-fashioned scoundrel to scarper with jewel (8)
3 He's unlikely to invest in providing some motorway services (5)
4 Bird to fly, right? (7)
5 I'm green, needing reform and discipline (7)
6 Ancient verse, cause of ruin when the devil's about (9)
7 Indistinguishable quick march? (6)
8 Succeed at attempt to get cold (6)
14 March to exchange Stephen's bird for a bigger one? (9)
16 Strait man, one without legal contortion (8)
17 Piece of confinement for 2 and 3? (3,5)
18 Not 2 or 3 in there? (7)
20 Small investor among fliers as well (7)
21 Forwards to park to pinch fruit (6)
22 It used to be the lady that kept the nut in place (6)
25 Minister removing scut? (5)

Solution to Puzzle No.8,008



Solution and winners of Puzzle No.7,991
Published on November 7



C.H. Norris, Loughborough, Leics; J. McQuhae, Groningen, Netherlands; R. May, Burnley, Lancs; K.D. O'Brien, Belfast; Mrs W.H. Swan, Purley, Surrey; M.J. Whettem, Beaminster, Dorset.

Chicken Kiev comes home to roost

***Dominic Lawson** asks why politicians are so reluctant to recognise what is going on in the world*

A YEAR ago, the Ukraine seceded from the former Soviet Union. No one was very surprised. Yet, barely three months before that President Bush had travelled to the Ukrainian capital, Kiev, and announced publicly: "God Bless the Soviet Union." He went on to deny the viability of independence for the states of the USSR, calling it "suicidal nationalism." This is now known to students of modern history as the "Chicken Kiev" speech.

Perhaps Bush was being chicken, but it seems harsh to lumber him with sole responsibility. He was, after all, only echoing the established view of the State Department and, for that matter, that of Britain's Foreign Office. Yet, almost every journalist who had spent time in the Ukraine and in other parts of the Soviet Union had realised (and had written) that the empire was on the verge of disintegration. And still the leader of the western world called on God's support for the USSR; a doomed and artificial construction of godless Bolshevism.

Psychiatrists would call this condition "denial" – the tendency to refuse to admit, even to yourself, something which deep down you know is happening. It is all too common in the governing classes. In 1984 and 1985, I covered conferences of the Organisation of Petroleum Exporting Countries for the *FT*. It was obvious even to the inexperienced observer, which I was, that OPEC had ceased to exist as an effective cartel. The oil market had become deregulated and over-supplied, with the price set by traders speculating daily on a vast scale. Yet, the British government continued to authorise the British National Oil Corporation to buy North Sea crude at the defunct Opec price. The result was that the British taxpayer lost about £100m.

This, admittedly, was a far smaller sum than the Treasury and the Bank of England lost last summer in an attempt to prop up sterling against the D-mark – something which, once again, almost every trader and outside commentator knew was hopeless.

Now, we are going through the same nonsense over the Maastricht treaty. Last week, the government made available to every home in the land a well-produced little booklet called *Britain in Europe*, designed to persuade us that it is right to sign our names to the treaty. This is, of course, a misleading bit of flummery which omits to quote from those parts of the accord which speak of "a common foreign and security policy" for the EC. Nor does it quote the bit about "the eventual framing of a common defence policy" (anyone for national service?)

But none of that matters any more. All this sophistry, and postage is a waste of effort. Everybody knows that the Maastricht treaty is dead. Not just technically dead because it has been rejected by one of the member states, Denmark. But dead in spirit because the tide of opinion in western Europe has turned against Brussels federalism in much the same way that public opinion in the Ukraine turned against Muscovite federalism.

It is not just the people of France, the country most wedded to the European ideal, who are divided deeply on the treaty. The German people do not want monetary union, least of all at the price the European Commission's president, Jacques Delors, wants them to pay through the euphemistically named cohesion fund. And what the German people do not want, the EC does not do.

Maastricht is, as comedian John Cleese would say, an ex-treaty. Dead. Deceased. It is no more. And yet, the politicians cannot admit the obvious. They are still in denial over Maastricht.

It is perhaps worth guessing the reasons for this damaging and recurring condition among politicians. I blame the civil servants, who are supposed to be the experts. Like all experts, they have studied their subjects for many years. Over those years, they have built up a wonderful network of contacts who tell them what is going on.

In the former Soviet Union, of course, the contacts would have been members of the Communist party. In Brussels, the contacts will be long-time *apparatchiks* of the Commission. What do such people stand for? The status quo, long after the ante has been upped. The received wisdom, long after it has ceased to become wise.

What do bureaucrats hate? Change, which renders their knowledge anachronistic, their contact books useless. What they love above all is order. Now they have invented something called the New World Order. Eventually they even told George Bush. Too late, as usual.

■ *Dominic Lawson is editor of The Spectator.*

Hard man warms to his latest battle

*Jocelyn Stevens tells **Antony Thorncroft** how he quelled print unions and art professors and what he plans for the archaeologists*

JOCELYN Stevens is a happy man. Just over six months after arriving as chairman of English Heritage he is reaping the anticipated whirlwind. He sits surrounded by his blistering press coverage. "Terminator 3 arrives at English Heritage" he comments. The academics on his advisory boards are shrill in their opposition. "I was told 'watch out for the archaeologists: they will bury you'," he jokes.

There is one piece of good news. Stevens asked for 180 voluntary redundancies from among English Heritage's 1,600 workforce; he has had 600 applicants.

This is all meat and drink to Stevens. As the man who saw off the hot metal print unions at Express Newspapers in the 1970s ("my worst moment was closing down the Glasgow plant with 2,200 jobs") Stevens reckons he can cope with anything "this Quango" (he spits out the word) of conservationists throws at him.

He was given the job by David Mellor. "Somebody had it in for us. He read me out a very clear brief. No more money for two years and sort out the place."

Then Stevens said something surprising. "I was under no illusions that English Heritage was popular. Everyone has an English Heritage horror story." Stevens has his own. In his previous job as Rector of the Royal College of Art he wanted to modernise a listed building, now the Stevens Wing. Delays by the conservationists at English Heritage added £2m to the cost.

You realise that while most people regard English Heritage as a group of cosy traditionalists, rather like morris dancers, Jocelyn Stevens, and his friends, live in listed houses and object to the way that it can intervene if they want to change the knocker on their front doors

Retribution was swift. Since April, Stevens has gone through English Heritage like a dose of salts. As a one time journalist he wrote the policy document on its future himself. It suggests finding new owners for most of the properties it administers; contracting out the specialist labour force and cutting HQ staff – and running down English Heritage's authority in London.

"I have no apologies to make. I'd do it again the same way. You've got to use your first 100 days." Now he is coping with the vociferous reaction of the advisory committees that he ignored. The second stage in his plan is to be emollient. Negotiations have started. Now that it is in place the strategy will be discussed. Already he can dangle benefits. "In January I will be able to announce that another £6m will go directly in grants to priority cases".

Somehow you cannot help warming to Stevens. You can also agree with much of his thinking. If the National Trust owns the downland at Avebury why should it not look after the stones, too; local authorities and local interest groups make better guardians of remote dolmens or crumbling medieval castles than English Heritage in London. Stevens wants to concentrate on his stars, on Stonehenge, on Dover castle, and (his particular favourite) Richard III's castle at Middleham, as well as churches and conservation areas in cities. It is hard to believe that he will not get his way.

Typically he is enthusiastic. "This job is thrilling". In theory he need give three days a week to English Heritage. He is there all the time and spends his evenings getting to know local conservation officers. This constant activity is the only life he knows. At Express Newspapers he often worked from 9.30 in the morning to 11.30 at night seven days a week. "The unions came to respect me because I was always there, always trying to get the papers out. When I left they gave me a dinner; the management did not."

At Express Newspapers he turned round the ailing *Evening Standard* and helped to keep the *Express* afloat.

He never worked harder. It cost him his marriage and the closeness of his children. It was also ultimately in vain. There was a row with Lord Matthews, the new proprietor, over who should be chairman, and Stevens lost. "I know what it is like to be sacked; to be told to clear your desk", he sighs, although his pay-off financed a lavish party at Gstaad. Skiing is his suitably energetic leisure alternative to work.

After his dismissal Stevens did what he is good at – making money. He has that disregard for money that can only be enjoyed by the very rich. His mother died at his birth but his connections, the Hulton press barons, were wealthy enough to put £750,000 into the orphan's bank account. He enjoyed the ease of Eton and Cambridge (he is undoubtedly bright) but little parental attention. His subsequent career as a hard-nosed businessman who got results by trampling on the weak is too glibly explained by a need to prove himself, to get attention.

Stevens might have made a career in television, but one of his rumbustious interviews as a reporter on Panorama caused such a public outcry that he was not asked back. Instead he merged his social life with money-making and founded *Queen* magazine, the style journal of the 1960s. "I got bored with my readers and sold it for £500,000 to the man sitting at the next table at Claridges". After his dismissal from the Express group he made another fortune out of Centaur Publishing. He sold that for £2m.

Then came the call to public service, the call that changed Stevens, and the nation's life. "I was asked by George Howard, who I'd never met, to become rector of the Royal College. It was out of control." He now thinks that Margaret Thatcher might have been behind the call. He knew nothing about art; had no academic experience. So he talked to the students – "some had never seen their professors in two years" – and committed himself to turning the Royal College from an ivory tower into a stepping stone towards a good job in art and design.

He quickly decided four departments should be closed down. "One was environmental media where the students were working with no discipline, painters fiddling with televisions and so on. I called a meeting of the senate and locked the doors. I told them that they would not be released until the reforms had been agreed unanimously. We got out at four in the morning, a time which, with my experience of the unions, I was quite used to.

By the time he left the Royal College, (and he is proud of the fact), only three of the 28 professors he inherited were still in place. The carnage was terrible; the suffering immense; but he got the college £20m in building grants from the government, raised its reputation, and slanted it towards the needs of industry.

He has brought little from the college to English Heritage, just one large plaster cast of a dog which he bought from a student, and which stands by his desk. It is like Stevens in that it has a rather dopey, love me, expression; but unlike him in that it neither barks nor bites. He plays down his famous rages – "I can't remember whether I was born in a filing cabinet and threw my father out the window or the other way round" – but it is easy to see how the intense energy of the man, whose body is always mobile as he shifts papers, stretches, chases words and arguments, could erupt into shouting matches.

He is at English Heritage until 1997, when he will be 65. "I was the rogue choice. Michael Heseltine gave me five minutes to make up my mind. I like these five year assignments. I wish I'd come across them earlier in my career." He hopes for more. "Perhaps I could run London. I'd like that. I'll never retire." His private life is now happy (he lives with Vivien Duffield, one of the richest women in the country) and they share houses in Hampshire and Scotland. He seems unable to show any enthusiasm for hobbies, outside the next obstacle to be overcome.

Like many hard men Stevens seems to need to be liked. He chooses unlikely groups to identify with – in newspapers it was the unions (although he broke their power); at the Royal College it was the students; at English Heritage it is the guardian of Middleham Castle, a woman who keeps a lonely vigil over the ruins. His interest in her solitary life suggests that, after all his battles, Stevens is at last confident enough of his identity to strike out on his own.

The great tapioca war

Michael Thompson-Noel

HAWKS & HANDSAWS

WARNING: when it pivots, when it moves from intro to finale, from preamble to message, this column is going to mention tapioca pudding. I wish it could be avoided. I wish I had never seen or heard of tapioca pudding, or imagined that it existed. When we get to it, I will type extremely quickly so as to rush us towards the end; but at least you have been warned.

This week, I finished reading *The Rise and Fall of the Third Chimpanzee* by Jared Diamond, who is ranked among the world's top zoologists. As the *FT* said when *Rise and Fall* was first published, it is an important book – certainly among the best science books I have read.

It is about our animal heritage. We are chimpanzees. More than 98 per cent of our genes are shared with the two other species of chimpanzee. We are greatly influenced by our animal origins, but we are also – uniquely and destructively – human.

The first indications that our ancestors were unusual among animals were the crude stone tools that began appearing in Africa about 2.5m years ago. Nothing much happened for another 1.5m years, though by 1m years ago we had spread to warm parts of Europe and Asia. Evidence for the Great Leap Forward in human behaviour suddenly appeared in Europe about 40,000 years ago. Whatever caused the leap, it involved only a tiny fraction of our beings, because we still differ from the pygmy and common chimpanzee in only 1.6 per cent of our genes.

Now scroll forward to the modern day. We are proud of some of our hallmarks as a species: our language, art, technology and agriculture. A few weeks ago, we even launched a systematic search of the Milky Way for signs of other intelligences. But we are cursed by several self-destructive traits, two of them so serious that they may produce our fall: xenophobic mass killing and our accelerating assault on our environment. If the estimate that half the world's 30m species will become extinct in the next century is correct, says Diamond, then species are now disappearing at the rate of about 17 an hour.

Diamond says he would not have written his book if he considered the chances of our own extinction remote; equally, he would not have written it if he thought our predicament hopeless. He says there are many grounds for pessimism. But he himself is cautiously optimistic. "We do not need novel, still-to-be-invented technologies to solve our problems," he says. "We just need more governments to do many more of the same obvious things that some governments are already doing in some cases. Nor is it true that the average citizen is powerless."

The average citizen. Me. You. It is my belief that while governments and other bodies must display unprecedented political will and spend enormous sums on top-down projects to rehabilitate our species and our planet, there is still scope for small people – you, me – to do our bit, bottom-up.

But where to start? I believe that each one of us should concentrate hard so as to bring to mind some small-scale horror, some bit of nastiness – and then strive to exterminate it, to squash and quash it. And then move on, to something slightly larger, nastier and more horrid, and exterminate *that*. And then move on...

I have decided where I will start: with the tapioca pudding served in the *FT* restaurant. This is not the time nor the place to give my opinion on the *FT* restaurant. But their tapioca pudding is an affront to human decency, a negation of man's cultural flourishes and accomplishments. It makes me queave and faint just to see it sitting there. I would not dream of offering it to a common chimpanzee, or even to a pygmy one.

My theory is this: if I can exterminate the *FT's* tapioca pudding, there is a reasonable chance that I and my colleagues will be nicer to our significant others once we reach home; this niceness will spread, like ripples on a lake; people will be happier; they will start to spend money, which will kick-start the economy; they will even vote more sensibly – goodbye Laurel and Hardy; bigger and better tasks will be attempted almost everywhere; substance abuse will cease; spring will not be silent; wars will not be fought; the planet will be saved, and man will make contact with extra-terrestrials.

Call me cock-eyed, but I believe it can be done.